770.00/542

DOCUMENT FILE

NOTE

SEE 751.00/83 FOR #605

FROM Poland (Biddle) DATED July 11, 1938

TO NAME 1—1127 GPO

REGARDING: Baltic Bloc. Beck inclined to steer clear of Poland's inclusion as an integral part of a- for he would prefer to establish Poland as the pivot of strength through close bilateral relations of each of the Baltic States. Baltic States disinclined to include Poland in a - formation for fear of Poland's eventual predominance.

mb

770.00/542

TELEGRAM RECEIVED

DIVISION OF
EUROPEAN AFFAIRS
AUG 2 1938
File Copy
DEPARTMENT OF STATE

REB

FROM

This telegram must be closely paraphrased before being communicated to anyone. (B)

SOFIA

Dated August 1, 1938

Rec'd 5:17 p. m.

DEPARTMENT OF STATE
AUG 2 1938
DIVISION OF
NEAR EASTERN AFFAIRS

Secretary of State,

Washington.

15, August 1, 5 p. m.

Reports reaching Sofia indicate that press of capitols of Balkan pact countries welcome signature yesterday at Saloniki by Metaxas as President of Balkan pact and Bulgarian Prime Minister of an agreement (one) reaffirming treaties of non-aggression; (two) renouncing part four of Treaty of Neuilly as well as (three) provisions of Lausanne Treaty of 1923 relating to frontiers of Thrace.

The above is the formula agreed upon as scheduled in my telegram 13, July 14 but yesterday's enthusiasm in Sofia is somewhat tempered today in querying what Bulgaria has concretely gained beyond what she had previously successfully assumed.

770.00/541

FILED
AUG - 5 1938

ATHERTON

NPL

770.00/543

G/HC

DIVISION OF EUROPEAN AFFAIRS
AUG 2 1938
DEPARTMENT OF STATE

TELEGRAM RECEIVED

JR
A portion of this telegram must be closely paraphrased before being communicated to anyone.
(A)

FROM

Athens

Dated August 1, 1938

Rec'd 10:30 a.m.

DEPARTMENT OF STATE
AUG 1 1938
DIVISION OF NEAR EASTERN AFFAIRS

Secretary of State,

Washington.

49, August 1, 9 a.m. (GRAY)

868.00/1043

The last paragraph of my telegram No. 47, July 29, 2 p.m. At a carefully staged meeting at Saloniki yesterday between Prime Minister Metaxas in his capacity as President of Balkan Entente and the Bulgarian Prime Minister an agreement was signed between Bulgaria and the members of the Bulkan Entente. The text published here this morning pledges abstinence from the use of force in the mutual relations of the five states in conformity with non-aggression pacts to which each is party, and renounces, so far as concerns the contracting parties the application of part 4 (military, naval and air clauses) of the Treaty of Neuilly as well as of the provisions concerning the Thracian border contained in the convention signed at Lausanne July 24, 1923. (END GRAY)

FILED
AUG 4 1938

CONFIDENTIAL. The controlled press is praising Bulgaria to the skies. Informed liberal opinion sees a triumph for Anglo-French diplomacy through its influence in

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GML

in Turkey. Recent background so far as Greece is concerned is given in my despatch 2376, July 21 on Greco-Bulgarian rapprochement.

MACVEAGH

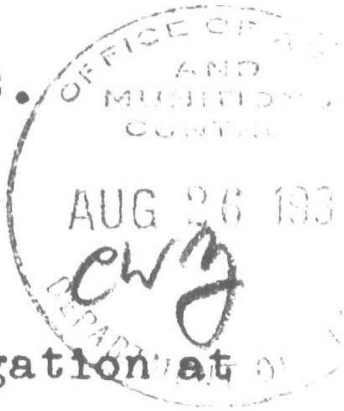
WWC:KLP

~~(*) Apparent omission.~~

DEPARTMENT OF STATE

DIVISION OF EUROPEAN AFFAIRS

August 13, 1938.



Summary of despatch no. 118 from Legation at Sofia dated July 19, 1938.

Subject: British Penetration in the Balkans

King Boris, on his visit to Paris and London last November, explained that German economic penetration had not as yet necessarily a corresponding political significance in Bulgaria, but that if the penetration in Southeastern Europe continued political repercussions would eventually ensue. Mr. Rendel, the British Minister, told Mr. Atherton that no commitments were made in London at that time and that a policy was adopted which was tantamount to seeking some satisfaction for Bulgaria. Apparently the British explained this attitude of England towards Bulgaria in their discussions with Turkey and Greece, with the obvious result of the improvement of Bulgarian relations with those countries in recent months.

During the winter certain Balkan bankers presented a memorandum to Paris indicating that the only method for France to regain her waning prestige in the Balkans was through

heavy

heavy purchases of Balkan raw materials. The French took no action in the matter. (Summarizer's note. However, subsequent to this despatch it has been announced that a credit of some ten million dollars has been made by France to Bulgaria, exclusively for purchases in France.)

England attempted no specific approach to Bulgaria until after the Anschluss, at which time there was an increased consciousness in Sofia of the danger of German preponderance over Bulgaria's commercial exchange. From the developing situation Yugoslavia wished to maintain an independent attitude to negotiate her own future, and therefore she was most anxious to reduce commitments which might at any time jeopardize her good relations with Germany and/or Italy. Thus, from the British point of view, Bulgaria is important as a strategic hinterland to countries in which England was evincing an interest, such as Greece and Turkey, and also Rumania. In addition, it was important that Yugoslavia should realize, in the determination of her foreign policy, that there was a Balkan bloc, including Bulgaria, maintaining cordial relations with the democratic governments.

Since last spring, Southeastern Europe has consistently sought to eliminate mutual misunderstandings to form a bloc against outside aggression and to maintain peace.

Such

Such a situation was supported by Paris and London. (Summarizer's note. The recent Saloniki Agreement is the result of this policy.)

Before leaving London, Lord Halifax asked Mr. Rendel to satisfy himself whether Germany's economic penetration had a corresponding political significance in Bulgaria. Prime Minister Kiosseivanoff reassured Rendel on this point and again expressed the hope that England might increase its trade with Bulgaria. (Summarizer's note. In this connection British imports from Bulgaria increased from $1,680,000 in 1935 to $8,400,000 in 1937; Bulgarian imports of British goods balanced British purchases in 1935, and in 1937 amounted to only $2,780,000; it is difficult, in view of the unfavorable trade balance to England in 1937, to see on what grounds Kiosseivanoff could justify the request that Britain increase its trade). The Inter-departmental Committee in London, which had handled the question of the Turkish credit, undertook a study of the Bulgarian situation, and it had found it difficult to extend secured credits to a purely agricultural country like Bulgaria beyond such a limited credit as was liquidable through exchange of merchandise. Rendel will pursue the possibilities of Bulgarian credits in England where he is now spending his leave.

Some

Some Bulgarian Army equipment purchased in Germany has not been satisfactory to the War Department, and there have been complaints about trucks and chassis as well. Recently the Ministry of War disqualified competitive bids for furnishing airplane engines and by direct negotiations purchased equipment valued at $170,000 from the Curtiss-Wright Corporation.

Eu:Coe:AMR.

LEGATION OF THE
UNITED STATES OF AMERICA

No. 118 Sofia, July 19, 1938.

Subject: British Penetration in the Balkans.

770.00/545

770.00

CONFIDENTIAL

Copy Transmitted by The
Commercial Office (A-M/C)
To London

The Honorable

The Secretary of State,

Washington.

Sir:

I have the honor to refer to the conversation with the Prime Minister, reported in my telegram No. 13 of July 14, 1938, and to supplement this by reporting other conversations I have had, not only with the Prime Minister, but also with diplomatic colleagues.

It would appear that King Boris on his visits to Paris and London last November took occasion to explain at some length that up to that time German economic penetration did not have necessarily a corresponding

political

GML

political significance in Bulgaria, but that naturally if Germany continued increasing her trade im Southeastern Europe, eventually this fact must have political repercussions. Therefore, it was the hope of the Bulgarian Government that the English and French might see their way, through the increase of their trade with Bulgaria in particular and Southeastern Europe in general, to relieve these countries of their dependence on Germany as a market.

I understand that no committments were made in London at this time, but a policy was adopted, which as explained to me by the British Minister here at that time, was tantamount to seeking some satisfaction for Bulgaria, either political or economic, on the theory that a satisfied country was a lesser menace to the Balkan outlook, and that while Bulgaria in itself was economically an unimportant unit her position was strategic and cordial relations were important. In the discussions the British were then having in Turkey and Greece I understand that this attitude of England toward Bulgaria was explained, which resulted in an improvement in Turkish-Bulgarian relations and even influenced the granting by Greece to Bulgaria of most favored nation treatment in February of this year.

During the past winter a group of Balkan bankers with French connections submitted a memorandum upon request to Paris, indicating that the only method for France to regain her waning prestige in Southeastern Europe was through heavy purchases of the raw materials produced by these countries. The memorandum further

urged

urged the formation of a French company with a capital of a milliard of francs to carry out this policy. The French Government took no action in the matter and consequently, as envisaged by this banking group, French prestige in Southeastern Europe has steadily waned. The internal position of France and the use made by her in the recent Sanjak negotiations of the League of Nations have both contributed to loss of French prestige.

Meantime, however, England has re-established her position in Turkey and Greece and to some extent in Rumania and has announced the establishment of an inter-departmental Government committee in London to examine the question of economic assistance in Southeastern Europe. It was this committee that negotiated the terms of the credit to Turkey of £ 16,000,000, which was approved by the British Parliament in the early days of this month.

However, as regards Bulgaria in particular, beyond a general policy of attempting cooperation to secure a better feeling, England made no specific approach until after the Anschluss. At that moment there was an increased consciousness in Sofia of the danger inherent in the preponderance of Germany in Bulgaria's commercial exchange, and persistent efforts were made to develop markets in other countries and to buy elsewhere than in Germany whenever possible, even though the operation of the German clearing agreement placed other countries at a disadvantage. It was realized here that trade with Austria, while not large in volume, had been steadily and relatively satisfactory from the point of view of

transfers

transfers of payments and furthermore entirely free from political implications. For example, the purchases of the Austrian Tobacco Monopoly in Bulgaria were an important item in the Bulgarian trade in leaf tobacco, the country's most important crop. Presumably, this monopoly, which maintained a regular purchasing bureau here, was to be liquidated and future purchases made through German dealers, who buy inferior grades against credit in the cumbersome clearing account. This in turn would oblige Bulgaria to take German manufactured goods in even larger quantities than heretofore.

In the developing situation Yugoslavia's main policy was to retain the considerable gains she had acquired under the Peace Treaties, and the advent of Germany on her northern frontier increasingly determined her adoption of a foreign policy as free from international committments as possible. Especially has Yugoslavia been anxious to reduce committments which might at any time jeopardize her good relations with Germany and/or Italy. In other words, if Germany is successful in a Southeastern European policy or in seeking an Adriatic port, Yugoslavia wishes to be an independent power to negotiate her own future. Thus, from the British point of view, not only was the position of Bulgaria important as a hinterland to strategic Mediterranean countries im which England was evincing an interest, such as Greece and Turkey and also Rumania, but it was also important that Yugoslavia in determining her foreign policy should realize that there was a Balkan bloc, including Bulgaria, maintaining cordial

affiliations

affiliations with the democratic governments.

I venture to cite that in English opinion, as explained to me here, Italy is also apprehensive over the German advance to her northern border, and English foreign office policy since Mr. Chamberlain assumed greater direction has been to avoid an Italian policy which would force Italy into any closer relations with Germany. Thus, while there is a large body of opinion in England in favor of Republican Spain, Mr. Chamberlain in considering the Spanish question has had to bear in mind that any English policy directed against Franco must result in a corresponding closer German-Italian cooperation.

Since the spring of this year undoubtedly Southeastern Europe has consistently sought through elimination of mutual misunderstandings wherever possible to form a bloc against outside aggression and for the maintenance of peace. Such a situation was naturally supported by Paris and London, and Bulgaria taking advantage of the situation, opened conversations in Ankara as to Turkish reaction should Bulgaria desire further to free herself from the rearmament restrictions of the Treaty of Neuilly. I understand that Ankara was not only favorable to the Bulgarian démarche but also undertook to sound out Athens and Belgrade.

The Turkish Minister of Foreign Affairs om his visit to Sofia in May stated that neither of these governments would object and subsequently Rumania, which at first imposed a series of difficulties was brought into line. Undoubtedly before the arrival of

the

the new British Minister in Sofia, London had been advised by Ankara, but as reported in my telegram No. 13 of July 14, 1938, Mr. Rendel also undertook to raise the question with the British Government and was able to reply shortly afterwards that after consultation with Paris neither the British nor French Governments would interpose objections, providing such a formula was found as would satisfy the countries adjacent to Bulgaria as well.

In his early conversations the new British Minister here was obviously seeking to satisfy himself whether German economic penetratiom had a corresponding political significance. In fact, in an early conversation he told me that this was a query which had been made him by Lord Halifax. The Prime Minister reassured him on this point and even recalled the statements of King Boris at the time of his visit to London and again expressed the hope that England might see a way to increase her trade with this country. The Inter-departmental Committee in London, which, as reported above, had handled the question of the Turkish credit, then undertook a study of the Bulgarian situation with the result, so my British colleague informed me, that the question of extending secured credits to a purely agricultural country like Bulgaria was proving difficult beyond such a limited credit as was liquidable through exchange of merchandise.

However, the Prime Minister, in the only speech he has delivered on foreign affairs since 1934 (see my despatch No. 111 of July 11, 1938) chose to stress that:

"You

"You have already heard or will not fail to hear some tendencious rumors disseminated persistently, which pretend that the commercial exchange between Bulgaria and certain countries is founded upon political agreements. I reject with indignation these suspicions which are not only pernicious for the Government, but are also harmful, most harmful for Bulgaria."

It was at once surmised here that the Bulgarian-English conversations were fruitful, and this was born out by the Prime Minister's remarks, quoted in my telegram No. 13 of July 14, 1938, that not only England was preparing to increase her purchases in this country but that also Bulgaria was to purchase war materials from England. My British colleague, who goes on leave at the end of this week, informs me that he will pursue the possibility of Bulgarian credits im England. I understand, both from the Foreign Office here and from my British colleague, that the French Minister in Sofia has played no part in any of these conversations, and in fact that Paris is being kept informed through London.

There has been reason to believe in recent months that some Bulgariam army equipment purchased in Germany has not been satisfactory to the War Department, and that also trucks and chassis which have been purchased here by other Government departments have given cause for complaint. Up to now this critical attitude toward certain Government purchases has been confined to officials, but I understand that now members of the Opposition in Parliament are also aware of this, and in a debate this week in the Sobranjé an Opposition speaker criticized the Government for purchases of out of date material.

In

In conclusion, I venture to point out that the Ministry of War recently disqualified competitive bids for furnishing aeroplane engines and by direct negotiations with the Curtiss-Wright Corporation completed purchases amounting to $170,000.

Respectfully yours,

Ray A[illegible]erton

File 710
RA/RWH

4 Carbon Copy
Received I.P.

TELEGRAM RECEIVED

EMB

1—1336

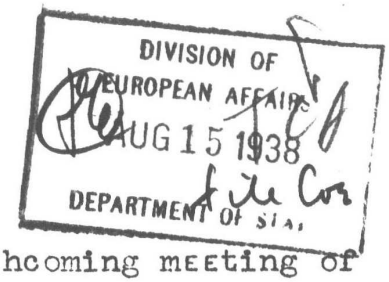
FROM

GRAY
(Belgrade)
Bled

Dated August 13, 1938

Rec'd 6 p. m.

770.00



770.00/546

Secretary of State,

Washington.

89, August 13, 4 p. m.

Reliably informed that forthcoming meeting of permanent council of Little Entente at Bled on August 21st will consider following agenda:

One. European situation in general and Czechoslovak international difficulties in particular.

Two. Relations between Little Entente and Hungary: (a) recognition by Little Entente of Hungary's right to rearm; (b) adhesion by Hungary to Kellogg-Briand Nonaggression Pact; and (c) adjustment of the question of minorities in Little Entente countries. Report on Rumanian-Hungarian negotiations as to point c to be made by Comnen as present President of the Little Entente.

Three. Danubian Commission: technical details to be discussed.

Four. League of Nations: policy of Little Entente at forthcoming meeting of the Assembly to be discussed

G-J

AUG 17 1938

2 No. 89, August 13, 4 p. m. from Bled (Belgrade)

discussed with especial reference to Article XVI of the Covenant.

I expect to see Stojadinovic early next week, shall then telegraph further.

Copies to Paris, Berlin, Rome, Budapest, Bucharest, Praha, Sofia, and Geneva.

LANE

EMB:HDH

DEPARTMENT OF STATE

DIVISION OF EUROPEAN AFFAIRS

August 19, 1938.

Summary of despatch no. 328 from Legation at Belgrade dated August 4, 1938.

Subject: The coming Little Entente meeting at Bled

In the absence of most of the high officials of the Yugoslav Government from Belgrade it has been difficult to obtain authoritative political information regarding the Little Entente meeting at Bled. The Polish Counselor told Mr. Joyce that he had been unable to obtain any precise information on Yugoslavia's plans for Bled, but he said that the conference would be entirely dominated by Dr. Stojadinović in the same manner as he had dominated the last conference at Sinaia. The Pole did not think that anything startling would come of the inevitable discussions of the German-Czechoslovak situation. He added that Stojadinović's policy had been one of "hands off", and that Yugoslavia would most certainly refrain from any commitments to come to the aid of Czechoslovakia. Should the Germans attack Czechoslovakia and should the Hungarians simultaneously move into Czechoslovakia the acid test of the Little Entente would be presented.

In

In this connection, the Pole believes that neither Yugoslavia nor Rumania know what action they would take in such a contingency.

Cor

Eu:Coe:AMR.

EU
NE
A-M/C

LEGATION OF THE
UNITED STATES OF AMERICA

No. 328. Belgrade, August 4, 1938.

Subject: Yugoslavia and the coming meeting of the Little Entente at Bled.

DIVISION OF EUROPEAN AFFAIRS
AUG 17 1938
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DEPARTMENT OF STATE

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DEPARTMENT OF STATE
AUG 2 3 1938
DIVISION OF NEAR EASTERN AFFAIRS

DEPARTMENT OF STATE
A-M/C
AUG 24 1938
ASSISTANT SECRETARY OF STATE

770.00/547

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to report that for the past week I have been endeavoring to obtain some information with regard to what might be expected from the Yugoslav representatives at the meeting of the Foreign Ministers of the Little Entente countries at Bled about August 21 next. Prime Minister and Foreign Minister Stojadinović has been absent from Belgrade for almost a month and for the past three weeks he has been making a political tour of the

FILED
AUG 26 1938

G/HC

Dalmatian

Dalmatian Coast. Only a few members of the Cabinet are in Belgrade, and most of the senior officials of the Ministry of Foreign Affairs are away on vacation. For this reason, it has proven very difficult to obtain political information from authoritative sources in this city.

I had a conversation yesterday with Mr. Paul Czerwinski, the Counselor of the Polish Legation, a person who is usually very well-informed on political events in Yugoslavia and who is known to be most cautious and conservative in his views. He stated that he had not been able to obtain any precise information on the subject of what the Yugoslavs plan to do at Bled, particularly as the Prime Minister makes all the important decisions and he alone will probably formulate the Yugoslav program for the meeting of the Little Entente countries. Mr. Czerwinski said that the conference would be entirely dominated by Dr. Stojadinović in the same manner as he had dominated the last conference at Sinaia. He added that neither the Rumanian nor the Czechoslovak Foreign Minister was a particularly strong personality and would probably come to Bled with a whole set of vague things to be discussed, whereas Dr. Stojadinović would present a clear and concise program which would be adopted by the representatives of the other two members of the Little Entente. He added that, naturally, the German-Czechoslovak situation would be number one in importance on the list of things to be discussed. Mr. Czerwinski did not think

that

that anything startling would come out of this discussion, but that Yugoslavia and Rumania would merely urge Czechoslovakia to work for a peaceful settlement of its present difficulties with Germany. He said that he did not think there would be any discussions as to what the members of the Little Entente would do in case hostilities develop between Germany and Czechoslovakia. He added that Stojadinović's policy had been one of "hands off", and that this country would certainly refrain from making any commitments whatever to come to the aid of Czechoslovakia.

I asked him whether he thought that there would be any discussions with regard to a possible rapprochement between the Little Entente and the growing "Rome-Budapest axis", following the urgent suggestions made by the Italians to the Hungarian Prime Minister and Minister for Foreign Affairs at Rome two weeks ago that Hungary should do everything possible to encourage a closer and more intimate relationship between Belgrade and Budapest. Mr. Czerwinski said that this matter would not or could not be discussed at the present juncture, due to the fact that the Little Entente agreement was directed against Hungary and the fact that the question of Hungarian minorities in all three of the Little Entente nations was by no means a settled and closed issue, at least so far as the Hungarians are concerned. He added that, should the Germans attack Czechoslovakia and should the Hungarians simultaneously move into Slovakia for the purpose of repatriating the large Hungarian minority there, then the acid test of the

Little

Little Entente would be presented very clearly indeed. He did not know what Yugoslavia and Rumania would do in such a case, and he was of the opinion that they themselves did not know what action they would take in such a contingency.

Respectfully yours,

Robert P. Joyce,
Chargé d'Affaires ad interim.

Copies to Bucharest, Prague, Budapest,
Paris, and Berlin.

File No. 710

RPJ/hln

2 carbon copies
Received

EMBASSY OF THE
UNITED STATES OF AMERICA

No. 1033

Rome, August 5, 1938.

Subject: Italian Reaction to Recent Agreement between Balkan Entente and Bulgaria.

DIVISION OF EUROPEAN AFFAIRS AUG 17 1938 DEPARTMENT OF STATE

DEPARTMENT OF STATE AUG 23 1938 DIVISION OF NEAR EASTERN AFFAIRS

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G/HC

The Honorable

The Secretary of State,

Washington, D.C.

ASSISTANT SECRETARY OF STATE AUG 22 1938 DEPARTMENT OF STATE

Sir:

I have the honor to report that the following Informazione Diplomatica communiqué was published in the press here last evening:

FILED AUG 31 1938

"In responsible Rome circles the agreement reached between the Balkan Entente and Bulgaria has been greeted with keen satisfaction. This agreement, while confirming the state of moral detente today existing in the Balkans, thanks especially to Stoyadinovitch's policy, at the same time gives legitimate satisfaction to Bulgaria, who is emancipated from that part of the Neuilly Treaty which imposed upon her a sort of military inferiority.

"This revision of the Treaty through the methods of conciliation is an example which might be followed in other European sectors in which the situation remains particularly delicate.

"Italy,

"Italy, linked by so many interests to the Danubian basin, welcomes with gratification anything which, in improving the relations among those peoples - beginning of a new historical period - likewise makes an effective contribution to European peace and reconstruction."

Commenting on the foregoing, Virginio Gayda, in yesterday's GIORNALE D'ITALIA, says that Italy, which has on all occasions supported the cause of full equality of rights, including military rights, among the nations, sincerely welcomes this act of justice and commonsense among the Balkan countries. It is, he remarks, a factor for appeasement and reconstruction in that area and the manifestation of a new and sounder policy "reflecting the atmosphere created by the principles of Italian policy", which policy, he goes on to say, is opposed to the "classic short-sightedness" of the French, who insist on the inviolability of all clauses of the peace treaties and all the juridical formulae these involve, despite the crumbling of the fundamental pillars of the Versailles structure.

Gayda also points out that this constructive agreement took place outside the League of Nations and hence represents a further "hard blow" struck by the small states at that organization and at the formula of collective security.

The Yugoslav-Bulgarian agreement, concluded through Stoyadinovitch's interest, is claimed by Gayda to have paved the way for the present accord, it having been the

"first

"first Balkan gesture to break through Bulgaria's political isolation and to have honored the loyalty, national spirit, and long sacrifices of Bulgaria's King and people . . . . . Italy can only welcome with friendly cordiality this new general Balkan agreement and the return of the spirited Bulgarian people to a truly sovereign, free, and armed state, capable of providing with its own national means for its own undeclined destiny."

Comment similar to the foregoing appears in other newspapers, all of which express great satisfaction over this new Balkan agreement.

Respectfully yours,

For the Ambassador:

Edward L. Reed

Edward L. Reed
Counselor of Embassy

ELR/ajl
710.

LEGATION OF THE
UNITED STATES OF AMERICA

5
RECEIVED
DEPARTMENT OF STATE

No. 330. 1938 AUG 16 PM 1 33

Belgrade, August 5, 1938.

Subject: Yugoslavia and the Saloniki Accord of July 31, 1938, between the Balkan Entente and Bulgaria.

DIVISION OF COMMUNICATIONS AND RECORDS

DIVISION OF EUROPEAN AFFAIRS
AUG 17 1938
DEPARTMENT OF STATE

Rating	Distribution Instructions
Grade for	

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DEPARTMENT OF STATE
AUG 18 1938
SECRETARY OF STATE

DEPARTMENT OF STATE
AUG 23 1938
DIVISION OF NEAR EASTERN AFFAIRS

The Honorable

The Secretary of State,

Washington.

Sir:

FILED
AUG 24 1938

I have the honor to report that the Belgrade press prominently featured and gave a great deal of space to the signing in Saloniki of the accord of July 31, 1938, between the Balkan Entente and Bulgaria. All the local papers carried leading editorials emphasizing the importance of this accord not only as a further consolidation of peace and conciliation in the Balkans but in all Europe as well. On August 1 and 2 the papers

carried

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GML

carried a great deal of comment reproduced from Greek, Bulgarian, Turkish, Rumanian, German, Italian and French newspapers. The Yugoslav press naturally did not fail to take a great deal of credit for this country, and for Premier Stojadinović, for the situation in the Balkans which made possible the negotiation of this
1/. agreement. There is attached hereto a translation of extracts from an editorial which appeared on August 1 in VREME, the organ of the present Government.

Respectfully yours,

Robert P. Joyce,
Chargé d'Affaires ad interim.

Enclosure:
1. As stated.

File No. 710

RPJ/hln

Enclosure No. 1 to despatch No. 330, dated August 5, 1938, from the Legation at Belgrade, entitled "Yugoslavia and the Saloniki Accord of July 31, 1938, between the Balkan Entente and Bulgaria.

Translation of extracts from editorial in VREME of August 1.

"... In the shade of the famous White Tower of Saloniki which witnessed, two decades ago, Balkan discords, the two Prime Minister shook hands, passing over the errors and faults of the past and dreaming of a better future worthy of the Balkan peoples.--- The Balkan Entente and Bulgaria signed on their own initiative and by their own wills an accord of non-aggression. This represents an important action, which will be received with satisfaction by every one. One should not make any mistake about the significance of this act. In the first place it means the renunciation by Greece, Turkey, Rumania and Yugoslavia of the application of Part IV of the Treaty of Neuilly on the matter of the limitation of Bulgaria's armament. Up until yesterday, that country was in a situation subordinate to the other Balkan countries. Today, by the good will of all the members of the Balkan Entente, the Kingdom of Bulgaria is on an equal footing with all of its neighboring states and friends to whom it is linked by an agreement which Mr. Kiosseivanov gladly signed, profoundly convinced that it corresponds to the wishes of the entire Bulgarian people.---

"For us in Yugoslavia, this step taken at Saloniki towards a more and more complete peace in the Balkans brings a great joy and constitutes an encouragement which is all the more precious because our Government, with Dr. Stojadinovíć at its head, took an active part. We now see more and more clearly the far-reaching results of the interview in 1933 between the two Sovereigns, who were related, Blessed King Alexander and King Boris, and the historic gesture of January 24, 1937, when Mr. Kiosseivanov and Dr. Milan Stojadinović signed the Bulgaro-Yugoslav treaty of perpetual friendship. These two initiatives pointed the future way for the future of the Balkan peoples. The conceptions on foreign policy of Dr. Milan Stojadinović, such as have appeared in practical application up to the present, are and remain: the Balkan peoples can liberate themselves from extra-Balkan influences, which have been inauspicious for them for centuries, only if they persevere in this way of understanding, friendship and collaboration to assure peace in our Balkan community. By this means only can we cease to be the victims of the calculations and settling of foreign accounts. ---

"Today, after this act which resounded like joyous Easter chimes in the heart of all the Balkans, Mr. Metaxas, representative of the Balkan Entente, and Mr. Kiosseivanov, representative of the Kingdom of Bulgarian, can be satisfied that our small nations show a good example to larger countries."

DEPARTMENT OF STATE

DIVISION OF EUROPEAN AFFAIRS

August 20, 1938.

Summary of despatch no. 951 from Embassy at London dated August 6, 1938.

Subject: The Saloniki Agreement with Bulgaria, and certain Danubian subjects.

Mr. Millard in London had conversations with a member of the Foreign Office and with the Bulgarian Minister in London on Balkan subjects. The Foreign Office official declared that the Saloniki Agreement was particularly welcomed by the British as an example by which treaty clauses could be altered by multilateral agreement in contrast with unilateral action. The Foreign Office official declared that the first step towards the new Pact was taken at Stresa when the desire of Austria, Hungary and Bulgaria to rearm was noted. Nothing further was done until last autumn when a meeting took place in Turkey between the Chiefs of Staff of the Balkan Entente countries, at which time Bulgaria's illegal rearmament, in violation of the Treaty of Neuilly, was discussed. Fearing recriminations, the British Ambassador at Angora discussed the question with Turkey, and negotiations leading to the recent Saloniki Agreement were set in motion.

In

In this general connection Rumania and Greece have tried to negotiate with Bulgaria [redacted] pacts of "perpetual peace" similar to the Bulgarian-Yugoslav Pact of January 1937. Bulgaria refused, thinking that such pacts would be equivalent to a renunciation of her two principal territorial claims -- the Dobruja and an outlet on the Aegean. In any case the Foreign Office thought that a perpetual peace pact would be valueless in a European war since Bulgaria would doubtless pick the side which she thought most likely to win in the hope of obtaining the return of the Dobruja and an Aegean port.

The Bulgarian Minister in London, M. Momtchiloff, believes that the economic issues of the Saloniki Agreement will prove even more important than the political ones. As regards the political significance, he said that it was aimed fundamentally to prevent any great Power from playing off one Balkan country against another. The signatories of the Lausanne Convention of 1923, respecting the frontiers of Thrace, had been informed of the recent Pact. All of them have agreed except Japan. The Bulgarian was rather surprised that immediately on receiving notification, Italy had returned a favorable reply. He agreed with the suggestion that the most likely reason for Italy's very prompt action was that Italy feared that she would bewarned by Germany not to approve. M. Montchiloff

said

said that the Germans had in every way endeavored to prevent the recent Pact from being signed. She had not openly opposed it, but by propaganda had tried to stir up trouble between the countries concerned in order to prevent the conclusion of the Agreement.

(The Bulgarian Minister was recently in Budapest and he was surprised at the amount of pro-Nazi feeling not only among the unemployed but among the middle-class and even some land-owners. The land-owners apparently preferred the Nazi régime to a drastic agrarian reform, which alone could keep a non-Nazi Hungarian Government in power).

With respect to the economic questions of the Pact, the Bulgarian Minister referred to the linking up of the Bulgarian and Greek railway systems by the construction of the missing ten-mile stretch on the frontier in the Struma valley. With a possible outlet for the railway at Kavalla on the Aegean it could have a very favorable effect on Bulgarian exports, especially wheat, because of the lower freight rates from Aegean ports in comparison to those from Black Sea ports. The Minister also emphasized the importance of building a bridge over the Danube linking Rumania and Bulgaria.

Mr.

Mr. Leo Pasvolsky participated in this conversation. He said that he had learned from reliable sources that Rumania had been warned by Russia that should the Iron Guard take control, Russia would occupy part of Rumania at once. The Bulgarian Minister declared that he, too, believed that "some such" representations had been made by the U.S.S.R. to Rumania.

Eu:Coe:AMR.

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

DIVISION OF
NEAR EASTERN AFFAIRS
AUG 17 1938
DEPARTMENT OF STATE

AMERICAN EMBASSY

No. 951 LONDON, August 6, 1938.

SUBJECT: Pact between Bulgaria and the Balkan Entente and the Situation in Certain Danubian States

770.01
DEPARTMENT OF STATE
1938 AUG 17 AM 11 44
DIVISION OF COMMUNICATIONS AND RECORDS

CONFIDENTIAL:

DEPARTMENT OF STATE
SEP 1 - 1938
DIVISION OF
NEAR EASTERN AFFAIRS

770.00/550

The Honorable

The Secretary of State,

Washington, D.C.

Sir:

With reference to the Pact signed on July 31 last between Bulgaria and the Balkan Entente, I have the honor to enclose herewith a memorandum of 1/ conversation on August 5 between the Assistant Chief of the Southern Department and a member of the Embassy staff on this subject and the situation in certain Danubian States.

There is also enclosed a copy of a memorandum, 2/ of the same date, containing observations made on the same subjects by Mr. Momtchiloff, the new Bulgarian Minister to Great Britain.

Respectfully yours,

Herschel V. Johnson H.T.

Herschel V. Johnson
Chargé d'Affaires ad interim

Enclosures:
1-2 Memoranda, as stated.
HVJ/WMC.

FP

DEPARTMENT OF STATE
AUG 24 1938
ASSISTANT SECRETARY
Duplicate copy
Received

Enclosure No. 1 to despatch No. 951 of Aug. 6 1938
from the Embassy at London, England.

CONFIDENTIAL

M E M O R A N D U M

I called on Nichols of the Southern Department this morning to talk about the Pact between Bulgaria and the Balkan Entente signed on July 31, 1938. Many of his remarks merely reviewed some of the familiar events which have influenced the conclusion of the new Balkan Pact and are repeated below for the sake of continuity.

Nichols started off, (like the Foreign Office press communiqués) by saying that the feature of the Pact which was especially welcomed by the British Government was that it afforded an example of the way in which treaty clauses could be altered by multilateral agreement as contemplated under the League Covenant, in contrast to unilateral action such as, for example, Germany's occupation of the Rhineland, which in turn "got everybody's back up." He said that the first step towards the new Pact was taken during the discussions between Great Britain, France and Italy at the Stresa Conference, when the desire of Austria, Hungary and Bulgaria to regain some freedom to rearm was noted, and these countries were advised to enter into discussions on

questions

questions of security with their neighbors.

In the case of Hungary, not much had come of it due largely to the difficult attitude of Rumania. Now, of course, the Anschluss had completely changed the picture and, until some kind of an arrangement could be reached in the Sudeten question, the position of Hungary was too involved for any real progress. The Hungarian situation was, therefore, in the "doldrums."

As regards Bulgaria, Nichols said that nothing much happened after Stresa until last autumn when a meeting took place in Turkey between the Chiefs of Staff of the four countries of the Balkan Entente. At this meeting Bulgaria's rearmament, in violation of the Treaty of Neuilly, was discussed. As this promised to lead to recriminations, the British Foreign Office decided that the time had come to step in and try to check what might very well bring back the old nexus of suspicion in the Balkans. The Foreign Office had felt that Bulgaria's situation as regards rearmament should be regularized by the recognition of realities and that mutual Balkan

suspicions

suspicions could and should be allayed. Accordingly, toward the end of last year, the British Ambassador at Angora discussed the question with Turkey and negotiations leading to the recent Pact were set in motion. Nichols did not refer to other steps which the Foreign Office may have taken in this connection but he said "much credit is due His Majesty's Government for the settlement." He mentioned in passing that the demilitarized zones were not an unmixed blessing since they made it more difficult for both parties to ascertain whether the other was cheating and thus the security gained by the reduction of arms on the frontier - frequently more theoretical than actual - could be vitiated by distrust due to the feeling of uncertainty.

Asked whether the concern engendered by the Anschluss and subsequent events was not the real reason why the Pact was concluded, Nichols agreed it would never have been signed without the Anschluss.

As to recent negotiations, Nichols said that by early June the four Balkan Entente powers had agreed on the terms of the Pact which was presented to M.Koisseivanoff, the

the Bulgarian Premier, by General Metaxas of Greece, as President of the Balkan Entente, on June 28; and that both Rumania and Greece had tried to negotiate with Bulgaria pacts of "perpetual peace" similar to that concluded between Bulgaria and Yugoslavia in January 1937 but Bulgaria had refused since they would be equivalent to a renunciation of her two principal territorial claims, namely Dobruja and an outlet through Thrace to the Aegean. In this connection, Nichols referred to Bulgaria's consistent refusals to accept the Greek offers of facilities and guarantees in a harbor of the Aegean, on the ground that such an agreement might be interpreted as constituting a waiver of Bulgarian claims to an outlet under Bulgarian sovereignty. In any case Nichols thought such "perpetual peace" pacts would not be of any value in a European war since, in such an event, Bulgaria would doubtless pick the great Power or group of powers, which she thought most likely to win in the hope of obtaining the return of Dobruja and an outlet to the Aegean.

A TRUE COPY OF THE SIGNED ORIGINAL
wmc

H.M.

August 5, 1938.

TELEGRAM RECEIVED

MBo
This telegram must be closely paraphrased before being communicated to anyone. (B) 1—1336

FROM Belgrade

Dated August 17, 1938

Rec'd 9 p.m.

Secretary of State,

Washington.

770.00/551

91, August 17, 10 a.m.

CONFIDENTIAL.

My 89, August 13, 4 p.m. 1546

On August 15 Prime Minister received me at Bled. He said that chief question confronting Permanent Council of Little Entente meeting at Bled from August 21 to 23 is that of Hungarian minorities, which had been delayed in its solution by desire of Hungary to await settlement of general minority question in Czechoslovakia and by lack of agreement on the part of Rumania regarding treatment of Hungarian minorities in Rumania. Stoyadinovitch expressed the opinion that an agreement between Hungary and the Little Entente would be reached. Regarding Hungarian rearmament which together with issuance by Hungary of statement of non-aggression depends on satisfactory conclusion of minority question, he said significantly that an agreement between Hungary and its neighbors to revise treaty provisions is far better than unilateral

FILED AUG 23 1938

GE

unilateral action such as Germany had taken in rearming contrary to the provisions of the Treaty of Versailles and is in accordance with similar arrangement made at Saloniki by Balkan Entente with Bulgaria.

I detected further irritation on his part towards Germany in connection with Germany's proposal that the International Danubian Commission be scrapped and that Italy, France and Great Britain be excluded from the European Danubian Commission. As to the International Commission he said that the members, with the exception of Germany, had emphatically rejected the German proposal and had unanimously requested the Yugoslav Government to allow the Commission to move from Vienna to Belgrade. As to the European Commission, he admitted the soundness of the German view that Italy, France and Great Britain are not entitled to participation due to their not being riparian states. And if Germany is to be the sole great power represented on the Commission all the other smaller states would be under German domination; furthermore he added that Yugoslavia has not entire confidence in Rumanian administration of matters relating to the mouth of the Danube. This German proposal had therefore likewise been

been rejected.

Regarding the general international situation Stoyadinovitch expressed the firm conviction that Hitler does not desire war and that there will be no war; that Germany will little by little obtain concessions from Czechoslovakia on the Sudeten question aided by an increasing organization from within; and that Yugoslavia being the friend of both Germany and Czechoslovakia has been doing what it can to assist in the peaceful solution of the question.

760J.62

It is assumed in local diplomatic circles that Stoyadinovitch will be the dominant and controlling figure at Little Entente meeting it being felt that not only locally but internationally as well his influence has grown during the past few weeks. Although it is admitted by Government supporters that he was coldly and at times hostilely received on his recent Dalmatian trip it is pointed out that a year ago it would have been impossible for him to visit Croatian centers. Furthermore, Macek is reported to be adopting a more moderate program in collaboration with united opposition at Belgrade and to have relinquished his former policy of demanding change in constitution. General elections will probably be

860H.011

called

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called during present calendar year thus giving Government party opportunity for even greater majority in Skupshtina.

Internationally Stoyadinovitch's prestige has been enhanced by his taking the lead in bettering relations with Bulgaria and Hungary. Newly appointed Hungarian Minister informs me that while it is doubtful that any written commitment will be made for the present between

760h.64

Yugoslavia and Hungary, general atmosphere and attitude of respective presses is more favorable and friendly than at any time since the war. Finally Prime Minister's speech at Split on July 26 is considered to be a reply to Mussolini's intimation that Belgrade may be considered a corollary to the Berlin Rome axis. It is felt here that Stoyadinovitch wished to give notice that Yugoslavia will not take the place of Austria either politically or economically in the Rome protocols and has no intention

760h.65

of joining the Berlin Rome axis either directly or indirectly. Irritation which may have been caused by Mussolini's reference to Belgrade's political proximity to Berlin and Rome was it is believed considerably tempered by Stoyadinovitch's feeling of having been flattered by Mussolini's public acknowledgment of Yugoslavia's value to Italy.

Copies to Paris, Berlin, Rome, Budapest, Bucharest, Sofia, and Prague.

HPJ: LANE

DEPARTMENT OF STATE
RECEIVED
AUG 17 1938
DIVISION OF COMMUNICATIONS AND RECORDS

DEPARTMENT OF STATE

Memorandum of Conversation

DIVISION OF EUROPEAN AFFAIRS
AUG 16 1938
DEPARTMENT OF STATE

DATE: August 15, 1938.

SUBJECT: The Saloniki Agreement between Bulgaria and the Balkan Entente.

PARTICIPANTS: Mr. Ivan Zlatin, the Bulgarian Chargé d'Affaires ad interim.
Mr. Tittmann, Division of European Affairs.
Mr. Coe, Division of European Affairs.

COPIES TO: Sofia

770.00

770.00/552

EPO 1—1493

Mr. Zlatin called to ask if there had been any Departmental reaction to the recent Saloniki Agreement signed by the Bulgarian Prime Minister and M. Metaxas, in his capacity as President of the Balkan Entente. Mr. Zlatin pointed out that this peaceful revision of treaty provisions is an unusual procedure in present-day international affairs. He declared that it, together with the similarly concluded Montreux Agreement, stands out by comparison with the violations of international obligations that are so current today.

Mr. Tittmann

AUG 17 1938
FILED

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Mr. Tittmann stated that although he had not heard the subject discussed by other divisions or by the high officers of the Department, he felt certain that the reaction to the Saloniki Agreement had been most favorable. Mr. Zlatin asked that he be informed of any expressions in the Department regarding the Agreement.

Eu:Coe:AMR.

August 18 1938.

770.00

No. 31

To the American Chargé d'Affaires ad interim,

Sofia.

770.00/552

The Secretary of State encloses for the information of the American Legation at Sofia a copy of a memorandum of a conversation at the Department of State on August 15, 1938 between the Bulgarian Chargé d'Affaires ad interim and certain officers of the Division of European Affairs on the subject of the Saloniki Agreement between Bulgaria and the Balkan Entente.

Enclosure:

Memorandum of conversation,
August 15, 1938.

FP

Eu:RDC:DG
8/17/38

CR
AUG 17 1938. PM

A true copy of the signed original

TELEGRAM RECEIVED

MBo 1—1836
This telegram must be closely paraphrased before being communicated to anyone. (B)

FROM Belgrade

Dated August 19, 1938

Rec'd 5:45 p.m.

DEPARTMENT OF STATE
AUG 20 1938
DIVISION OF NEAR EASTERN A

DIVISION OF EUROPEAN AFFAIRS
AUG 20 1938
DEPARTMENT OF STATE

Secretary of State,

Washington.

93, August 19, 3 p.m.

My 91, August 17, 1 p.m.

CONFIDENTIAL.

German Minister has expressed to me following views regarding Little Entente meeting and general situation:

Only plans of importance to Germany is that of Hungarian minorities. Matter of Danubian commissions is considered of minor interest as German Government has decided to negotiate matters with respect to Danube separately with each interested government through special technical commissions.

Despite governmental outward attitude of confidence of popular support there is growing feeling in Yugoslavia of sympathy towards Czechoslovakia regarding which the government "thinks, but prefers not to talk." If the Yugoslav Government is to support the position of the Hungarian and later the Slovakian minorities in Czechoslovakia such a position would eventually entail recognition of Croats in

Yugoslavia

770.00/553

2- No. 93, August 19, from Belgrade.

Yugoslavia.

Stoyadinovitch in reply to recent observation by German Minister with regard to fireworks (feud' artifice) in declining to celebrate Little Entente meeting said that there would be more artifice than fire in meeting.

German Minister while chary about expressing himself as to possibility of war said that three millions of Germans cannot be permitted to live permanently under Czech rule. German Military Attache who is not a Nazi informs me that the only present danger of war is economic, due to Germany's lack of raw materials; politically there is no danger from Germany as Hitler whose main aim is to remain in power realizes that to risk war would be to risk his position in Germany.

760f.62

Copies to Paris, Berlin, Rome, Praha, Bucharest, and Budapest.

LANE

NPL:EMB

TELEGRAM RECEIVED

DEPARTMENT OF STATE
AUG 23 1938
DIVISION OF
NEAR EASTERN AFFAIRS

1—1336

FROM

MBo
A portion of this telegram must be closely paraphrased before being communicated to anyone. (B)

Praha

Dated August 20, 1938

Rec'd 7:17 a.m.

OFFICE OF THE ADVISER ON
INTERNATIONAL ECONOMIC AFFAIRS
AUG 24 1938
DEPARTMENT OF STATE

DIVISION OF
EUROPEAN AFFAIRS
AUG 22 1938
DEPARTMENT OF STATE

770.00/554

Secretary of State,

Washington.

166, August 20, 10 a.m. (GRAY)

Foreign Office has informed me that in anticipation of the forthcoming meeting of the Little Entente at Bled it has been agreed as between Czecho, Yugoslavia and Rumania to exchange identic notes with Hungary dealing with the question of rearmament, territorial nonaggression and the treatment of minorities. The Czecho note is to differ only on one point with those of the other two in order to protect itself on a legal as well as administrative basis "all three nations agreeing to the latter" in regard to the nature of treatment to be accorded the minorities.

While Bulgaria was dealt with by the Balkan Entente in the matter of rearmament in this case the Little Entente nations are planning to deal with Hungary individually. I am told that Rumania has already forwarded its note as a sample to Budapest but Foreign Office here does not expect that a reply will be forthcoming until

after

after Kanya's return from Germany (END GRAY).

He will presumably want to obtain Hitler's opinion or consent before so doing. It is likewise understood that Budapest has also discussed the matter with Rome but to date Foreign Office here is not informed of Italian attitude.

Rumor which has appeared here that Yugoslavia will suggest reversion of Hungarian boundaries (at expense of Czechoslovakia) cannot be regarded seriously by Foreign Office.

CARR

KLP:

HRE

GRAY

TELEGRAM RECEIVED

BELGRADE

1—1836

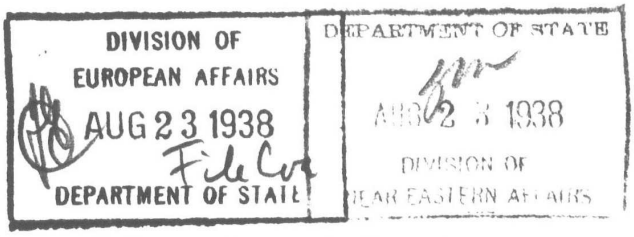
FROM

Dated August 22, 1938

Rec'd 9:50 p.m.

Secretary of State

Washington



770.00

95, August 22, 8 p.m.

Ministers for Foreign Affairs of Rumania and Czechoslovakia arrived yesterday morning. At meetings yesterday afternoon and evening under presidency of Stojadinovic and attended for a time by Hungarian Minister I understand that Hungarian minorities question was principal one discussed. Am informed from various official sources that discussion centered on phraseology of communique to be issued before termination of meeting tomorrow; that Hungarians had insisted that Little Entente would take "legislative, cultural, and constitutional" measures to ensure guarantees for foreigners; that the term "constitutional" was finally omitted on the insistence of Czechoslovakia; and that word is being awaited from Kanya now in Germany as to acceptability of text.

770.00/555

CONFIDENTIAL. One. I am informed from reliable source that Hungary does not wish to reach a definite agreement with Little Entente on account of present precarious position of Czechoslovakia but is prepared to agree to issuance of comminique in general terms

respecting

respecting treatment of foreigners and in more specific terms relating to rearmament and non-aggression. On the other hand Little Entente seems prepared to accept this somewhat unconstructive result rather than admit a definite breaking off of negotiations with Hungary.

Two. The government here apparently will insist on not capitulating to German representations regarding Danubian commissions.

Three. Little Entente will presumably follow British lead at Geneva regarding Article XVI.

Copies to Paris, London, Berlin, Rome, Budapest, Praha, Bucharest and Geneva.

LANE

NPL:EMB

GF EU

TELEGRAM RECEIVED

1—1336

FROM

JR

GRAY

(Belgrade)
Bled

Dated August 22, 1938

Rec'd 8:15 p.m.

770.00

770.00/556

Secretary of State,

Washington.

96, August 22, 9 p.m.

My 95, August 22, 8 p.m.

On the alleged ground that it has been impossible to communicate with Kanya now in Kiel question of Hungarian minorities has been dropped. Communique to be issued tomorrow morning.

Repeated to Berlin, Praha, and Budapest.

FILED
AUG 23 1938

LANE

NPL:EMB

F

TELEGRAM RECEIVED

JR 1—1336

FROM GRAY

(Belgrade)
Bled

Dated August 23, 1938

Rec'd 8:10 p.m.

770.00/557

770.00

DIVISION OF EUROPEAN AFFAIRS
AUG 24 1938
DEPARTMENT OF STATE

Secretary of State,

Washington.

97, August 23, 8 p.m.

My 96, August 22, 9 p.m. 1556

Communique issued by Little Entente today on conclusion of meeting states that the three states and Hungary have agreed reciprocally to renounce recourse to force between them and that the Entente recognizes Hungary's right to equality with respect to armaments. Reference is made to a mass agreement on "certain other questions" (Hungarian minorities in Czechoslovakia). It is agreed however that Little Entente and Hungarian Government will publish an identic communique at Bled and Budapest respectively regarding state of negotiations on such questions. I am informed that this communique will be issued tonight.

FILED AUG 26 1938

Remainder of communique is in general terms regarding cooperation with League of Nations, examination of Danubian questions and bettering of economic relations.

Next

GE

Next meeting to be held at Geneva during League Assembly.

Comment will follow from Belgrade.

Copies to Praha, Budapest, Bucharest, Paris and Berlin.

LANE

WWC:RR

TELEGRAM RECEIVED

EDA 1—1336

FROM GRAY
(BELGRADE)
BLED

Dated August 23, 1938

Received 8:11 p.m.

DIVISION OF EUROPEAN AFFAIRS
AUG 24 1938
DEPARTMENT OF STATE

770.00

Secretary of State

Washington

99, August 23, 8 p.m.

My 97, August 23, 8 p.m.

Communique issued here and at Budapest this evening is virtually a repetition of portion relating to Hungary of earlier communique issued today by Little Entente.

Further communique issued here states that the Rumanian and Yugoslav Legations at Bucharest and Belgrade respectively will be elevated to the rank of embassies as soon as possible.

Copies to Budapest, Bucharest and Praha.

LANE

RR:WWC

770.00/558

GE

DEPARTMENT OF STATE

DIVISION OF EUROPEAN AFFAIRS

August 27, 1938.

Summary of despatch no. 127 from Legation at Sofia dated August 3, 1938.

Subject: The Saloniki Agreement

Initial Bulgarian enthusiasm for the Saloniki Pact was somewhat tempered when it was realized that she had gained little beyond what she had already successfully assumed. Apprehension was expressed that the signing of the Agreement might mean the entry of Bulgaria into the Balkan Pact and the relinquishment of her territorial claims. The Prime Minister reiterated the statement made before Parliament that: "the reasons which prevented Bulgaria from joining the Balkan Pact at its inception still exist". He added that the foreign policy of Bulgaria is on a unilateral basis, whereas that of the Balkan Pact is bilateral.

Apparently the Agreement is not subject to ratification by any of the States which are parties to it, nor by the signatory powers to the Treaty of Neuilly. It is generally considered that the Agreement is the culmination of Bulgaria's peaceful policy,

which

which has been strictly fostered by King Boris.

The non-aggression clause of the Agreement, i.e., "that the States assume in their mutual relations the obligation to refrain from any act of aggression, in accordance with the treaties which each State has signed in the sphere of non-aggression", has given rise to ~~complicated~~ conflicting interpretations. The Greek and Rumanian Legations interpret it as constituting a pact of non-aggression with their respective countries, since the Agreement is signed with Metaxas as President of the Balkan Pact. However, an informant of the Foreign Office told the Legation that the clause refers, as far as Bulgaria is concerned, only to the pacts of friendship and non-aggression which Bulgaria has signed with Turkey and Yugoslavia. However, as Bulgaria has acceded to the Kellogg-Briand Pact, the non-aggression clause could be construed as applying to Greece and Rumania in so far as non-aggression is covered therein.

Coe

Eu:Coe:AMR.

LEGATION OF THE
UNITED STATES OF AMERICA

No. 127 Sofia, August 3, 1938.

Subject: Agreement between Bulgaria and the States of the Balkan Pact Signed at Salonika, July 31, 1938.

DIVISION OF EUROPEAN AFFAIRS
AUG 24 1938
DEPARTMENT OF STATE

DIVISION OF COMMUNICATIONS AND RECORDS
1938 AUG 23 PM 3 42
RECEIVED DEPARTMENT OF STATE

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AUG 30 1938

DEPARTMENT OF STATE
AUG 31 1938
DIVISION OF NEAR EASTERN AFFAIRS

770.00/559

The Honorable

The Secretary of State,

Washington.

ASSISTANT SECRETARY OF STATE
DEPARTMENT OF STATE
AUG 29 1938

Sir:

Confirming my telegram No. 13 of July 14, 1938, 9 p.m., and my despatch No. 118 of July 19, 1938, and with reference to my telegram No. 15 of August 1, 5 p.m., I have the honor to report that an Agreement was signed by Mr. Kiosseivanoff, the Prime Minister of Bulgaria, and Mr. Metaxas, as President of the Balkan Pact (Greece, Rumania, Turkey and Yugoslavia) at Salonika on July 31, 1938, whereby Bulgaria and the States of the Balkan Pact assume in their relations

FILED
AUG 31 1938

the

the obligation to refrain from any act of aggression, and to renounce the provisions contained in Part IV (Military, Naval and Aviation Clauses) of the Treaty of Neuilly, as well as the provisions contained in the Convention relating to the frontiers of Thrace (Section 3, Article 1), signed at Lausanne on July 24,
1/ 1923. A translation of the Agreement is enclosed. The details which led to the signing of this Agreement were fully covered in my despatch No. 118 above referred to.

No information as to the Prime Minister's departure for Salonika was given to the press; therefore, it was with considerable surprise to the public that the news was received in Sofia late Sunday afternoon. The first news reaching here was from circulars dropped by military planes which flew over the city for two hours. Demonstrations were quickly organized and there were scenes of great enthusiasm over the abrogation of military clauses of the Treaty of Neuilly. However, on the following day the enthusiasm was somewhat tempered, when it was realized that Bulgaria had gained little beyond what she had already successfully assumed. Some fear was expressed that the signing of the Agreement might mean the entry of Bulgaria into the Balkan Pact and the relinquishment of her territorial claims. Evidently the expression of these fears reached the Prime Minister, for yesterday in an interview to the representatives of the press, he re-iterated his statement made before Parliament (see despatch No. 111 of July

11, 1938) that:

> "the reasons which prevented Bulgaria from joining the Balkan Pact at its inception still exist",

and he stated further that the foreign policy of Bulgaria is based om uni-lateral policy, whereas the Pact is based on bi-lateral policy.

The Salonika Agreement entered into force on the day of its signature, July 31, 1938. The Legation has been informed that the Agreement is not subject to ratification by any of the States which are parties to it, nor by the signatory powers to the Treaty of Neuilly. However, the states signatory to the Treaty of Neuilly were notified by telegram from Salonika, and in each instance congratulatory telegrams were received in reply.

In well informed circles the opinion is that as a result of the renouncement of the military clauses of the Treaty of Neuilly and the Lausanne Convention, Bulgaria is assuming her military independence and that the renouncement of these clauses by the States of the Balkan Pact means a voluntary revision of the Peace Treaty, an unusual event in post-war history. It is generally considered that the signing of the Agreement is the culmination of the peaceful policy of Bulgaria since the World War, which policy has been strictly fostered by the King.

According to excerpts from the press of European capitals published in Sofia, the Salonika Agreement appears to have been universally welcomed, the consensus of opinion being that it was not only a gesture for

peace

peace in the Balkans, but a step forward in the efforts toward peace in Europe. The London Times carries a leading editorial to this effect on August 2nd.

The clause of the Agreement relating to non-aggression, i.e., "that the States assume in their mutual relations the obligation to refrain from any act of aggression, in accordance with the treaties which each State has signed in the sphere of non-aggression", seems to have given rise to comflicting interpretations. According to my colleagues at the Greek and Rumanian Legations, their interpretation is that the Agreement constitutes a pact of non-aggression with their respective countries, since the Agreement is signed with Metaxas as President of the Balkan Pact. However, according to an informant at the Foreign Office, the clause refers, as far as Bulgaria is concerned, only to the pacts of friendship and non-aggression, which Bulgaria has signed with Turkey and Yugoslavia. Nevertheless, it was stated that as Bulgaria had acceded to the Kellogg-Briand Pact, the non-aggression clauses could be construed as applying to Greece and Rumania, insofar as non-aggression is covered therein.

I understand the Bulgarian Prime Minister has been invited to visit Athens in the Autumn and already anticipated benefits to flow from the improved Bulgarian-Greek situation are being gauged with particular emphasis on Bulgaris's need for a port on the Aegean Sea.

Respectfully

Respectfully yours,

Ray Atherton

Enclosure:

Translated text of
Salonika Agreement.

File 710
KGM/RWH

Copies to:

Istanbul, Belgrade, Athens
and Bucharest.

Enclosure to Despatch No. 127
of August 3, 1938, American
Legation, Sofia, Bulgaria

(Translation)

Text of Salonika Agreement between Balkan Entente and Bulgaria - July 31, 1938

Taking into consideration that Bulgaria is attached to the policy of strengthening peace in the Balkans and that it is animated by the desire to maintain relations of good neighborliness and confident cooperation with the Balkan States, and that the States of the Balkan Entente are animated by the same peaceful spirit and the same desire for cooperation toward Bulgaria, the undersigned, His Excellency, Mr. Metaxas, in the quality of President of the Permanent Council of the Balkan Entente, of the one part, and His Excellency, Mr. Kiosseivanoff, President of the Council of Ministers of Bulgaria, of the other part, hereby declare, in the name of the States represented by them, that these States assume in their mutual relations the obligation to refrain from any act of aggression, in accordance with the treaties which each of these States has signed in the sphere of non-aggression, and that they do agree so far as it concerns them, to renounce the provisions contained in Part IV (Military, Naval and Aviation Clauses) of the Treaty of Neuilly, as well as the provisions contained in the Convention relating to the frontiers of Thrace, signed at Lausanne on July 24, 1923.

DEPARTMENT OF STATE

DIVISION OF EUROPEAN AFFAIRS

August 29, 1938.

Summary of despatch no. 131 from Legation at Sofia dated August 10, 1938.

Subject: Bulgaria since the Anschluss

Mr. Atherton had an interesting conversation with Prime Minister Kiosseivanoff, a memorandum of which is transmitted. The Prime Minister repeated his statement that the Saloniki Agreement brought Bulgaria's entry into the Balkan Pact no nearer and that it merely confirms existing pacts of non-aggression with Yugoslavia and Turkey. In addition, however, the Accord does reaffirm the Kellogg-Briand Pact.

As regards the French credit opened to Bulgaria, M. Kiosseivanoff feels that it has probably been achieved through British suggestion. The credit is twice as large as the French had originally proposed, but Bulgaria is in no way compelled to use more of it than her needs demand. It will be largely used for the purchase of railway material and a certain amount of artillery. When Bulgaria asked about the purchase of aeroplanes, it was said that French factories

could

could not now make deliveries. Mr. Atherton believes that one of the fundamental conditions prior to the granting of the French credit was the signature of the Saloniki Agreement. Furthermore he is informed that the French are preparing to advance a larger credit.

In connection with a possible British credit, the Prime Minister said that the French and British credits were in no way competitive and that the final details of the latter had not yet been completed. The credit in London would in the first instance probably be used to strengthen Bulgaria's navy and for the purchase of commercial steamers for the Danube. As in the case of France, Bulgaria was informed that the British aeroplane factories were not in a position to make deliveries.

Mr. Atherton has been told that the details of the British credit have been completed and that the first advance from London will possibly be slightly larger than the first French installment.

Mr. Atherton said in his covering despatch that he understood that the French and British Governments are likewise considering the possibility of granting credits to Yugoslavia.

Mr. Atherton commented on the closer Bulgarian affiliation with England. The

Prime

Prime Minister stated that there was an undoubted desire in Bulgaria, as well as in many other small countries, to align themselves with the British Government for, with the collapse of the League of Nations, the one hope for these small countries to establish their position as neutrals is through British diplomacy. M. Kiosseivanoff believes that the British are determined to gauge the dangers of the Czech-German situation, but he feels that their policy regarding the Sudeten Germans is unwise, as pressure on Prague has unquestionably encouraged the Sudetens to present demands which ordinarily they would not have dared to presume. "Undoubtedly, in the opinion of the Prime Minister, England's attitude in the present German-Czech situation will result in some sort of Anglo-German accord. ..."

Kiosseivanoff continued to say that his information is that internal German economic conditions are not improving and one could say with some certainty that it would be two years before Germany would be in a position to undertake any aggressive policy which might lead to war. During this interim England's present diplomacy might succeed, and it was for this reason that Bulgaria and many other European countries were willing to work in sympathy with the present British Government's concept of foreign policy.

With

With respect to the efforts of Germany to bring Bulgaria into her economic orbit, it will be recalled that various commissions have been in Bulgaria and that the German Government unsuccessfully attempted to establish a central trading company under German management in Sofia. Considerable resentment has arisen in Bulgaria due to German activities after the Anschluss.

Eu:Coe:AMR.

LEGATION OF THE
UNITED STATES OF AMERICA

No. 131 Sofia, August 10, 1938.

Subject: Bulgaria's Position since the Anschluss.

Copy in Eu
DIVISION OF
EUROPEAN AFFAIRS
AUG 24 1938
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OFFICE OF THE ADVISER ON
INTERNATIONAL ECONOMIC AFFAIRS
HF SEP 23 1938
DEPARTMENT OF STATE

The Honorable

The Secretary of State,

Washington.

Sir:

1/ I have the honor to attach as an enclosure to this despatch a memorandum of a conversation with the Prime Minister, in which he touches upon the general attitude of the greater powers in Europe towards the Balkan countries, and more especially Bulgaria, since the Anschluss. I venture to add in this despatch certain information which I obtained from usually reliable sources, which supplements the statements of the Prime Minister reported herein.

DEPARTMENT OF STATE
A-M/C
AUG 31 1938
ASSISTANT SECRETARY
OF STATE

SEP 26 1938

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In

In the second paragraph of the memorandum reference is made to a recent credit which French bankers opened here. I understand one of the fundamental conditions prior to the establishment of the credit was the signature of the recent accord between Bulgaria and Metaxas, as President of the Balkan Pact, which would tend to stabilize the Balkan situation, in French opinion. Furthermore, I am informed that this French credit is only part of a larger credit which the French are prepared to advance, if sought.

740.51

My same informant tells me that the details of the British credit, referred to in the third paragraph of the memorandum, have already been completed and that the first advance established by London will be possibly slightly larger than this first French installment. Although the primary object of both of these credits is to permit Bulgarian rearmament, in order to avoid possible repercussions from Germany, neither in the case of the French or British credits will the entire sum in the first instance be used for war materials, but part will be spent for equipment such as railway rolling stock and Danube River steamers.

In looking back over the past months since the Anschluss, one becomes conscious of the tremendous drive which was made by Germany to tie more closely Bulgaria within her economic orbit. Not only were the various commissions, referred to in the Legation's despatch No. 80 of May 19, 1938, despatched to Bulgaria, but also as stated in that despatch, the German Government attempted to establish a central trading company under German management in Sofia to handle all German-

762.74

Bulgarian exports and imports. Indeed, I understand, so much had Germany strengthened her lien on the primary products of this country, that when the English Government, after the Anschluss, attempted to increase her purchases in these markets, it was entirely unprepared to find how completely Germany had contracted for Bulgarian products. It would appear that the extent of German activity in the Balkans shortly after the Anschluss caused a certain resentment. This has been somewhat further increased by recent disclosures of insidious German propaganda in the press of the country as well as in trading centers of Bulgaria, where, when it was found impossible for Germany to establish a central trading company (see despatch No. 80 of May 19, 1938), Germany forebade Bulgarians to be representatives of German firms in the country, and sent out citizens of the Reich to take their places.

I understand now that the French and British Governments are discussing the possibility of credits with Yugoslavia.

The French Minister for Foreign Affairs, M. Bonnet, is reportedly to visit Ankara in September (about the 20th of the month), and he is expected here on a State visit to Sofia on his return journey. The Prime Minister of Yugoslavia, Dr. Stoyadinovitch, is scheduled to visit Sofia in October, and the Prime Minister of Bulgaria, Mr. Kiosseivanoff, is contemplating a visit to Athens later in the present year.

Respectfully yours,

Ray Atherton

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Enclosure:
Memorandum.

File 710
RA/RWH

Enclosure to Despatch No. 131
of August 10, 1938, Legation,
Sofia, Bulgaria.

MEMORANDUM

770.00/560

With the departure of the King for Italy and reports that the Prime Minister might shortly be leaving on vacation, I asked for an appointment to see Mr. Kiosseivanoff yesterday and took the occasion to congratulate him on the good press he had received on his signature of the Accord with Mr. Metaxas as President of the Balkan Pact (see Legation's telegram No. 15 of August 1, 5 p.m.). He repeated to me the statements (see Legation's despatch No. 118 of July 19, 1938) that this Accord brought no nearer Bulgaria's entry into the Balkan Pact, since none of the conditions originally laid down by Bulgaria for her participation had been fulfilled. Mr. Kiosseivanoff went on to say that this Accord merely confirms existing pacts of non-aggression, i.e., the Bulgarian-Yugoslav and the Bulgarian-Turkish Pacts. In addition, however, this Accord did reaffirm the Kellogg-Briand Pact, which was general in its application.

770.00/560

I then referred to the recent credit which French bankers had opened (see Legation's telegram No. 16 of August 5, 9 a.m.), and he took occasion to say that the French had dangled this possibility ever since such an advance had been recommended last autumn by a group of French bankers with Balkan affiliations (see page 2 of despatch No. 118 of July 19, 1938). However, he felt now that this final compliance of the French had probably been achieved through British suggestion. He said the present credit was twice what the French had orig-

inally

inally proposed, but Bulgaria was in no way compelled to use more of it than her needs demanded. This credit, he thought, would be used for the purchase of railway material and a certain amount of artillery. Apparently Bulgaria also raised the question of the purchase of aeroplanes, but was informed that this would be impossible as French factories could not make deliveries now.

I then asked the Prime Minister whether this French credit lessened in any way the possibility of a British credit (see Legation's despatch No. 118 of July 19, 1938). He said the two were not in any way competitive and that as yet even the final details of the British credit had not been completed, but that the credit in London would in the first instance probably be used to strengthen Bulgarian naval units on the Black Sea, (see page 3 of my despatch No. 21 of December 16, 1937) and also for the purchase of commercial steamers for the Danube traffic. I understand from the Prime Minister that any question of purchases of British aeroplanes had been turned down, since no factory in England was in a position to make deliveries.

(As of possible interest in this connection, I venture to point out that in view of Italian susceptibilities, Bulgaria recently gave an order to Italy for 60 million leva of cloth for army uniforms).

I then said that I had been very much interested in the closer affiliation I felt this country had established with England since King Boris' visit last autumn, and also in the rumor that before the King's return from his present holiday he would make another visit to London. The Prime Minister told me that there was an undoubted desire in the foreign policy of this country, as he felt in many other of the smaller coun-

tries

tries as well, to align themselves with the British Government, not so much for any material benefit to flow from such a policy, but due to the fact that with the weakening of the League of Nations, these smaller nations of Europe or groups of nations were, in view of the possibility of a future war, attempting to establish their position as neutrals beforehand, and that exactly in the ratio in which these various lesser European governments were attempting to establish their neutrality, so by the same token were they desisting from any cooperative international effort to reduce the causes of a European conflict. Now these nations were beginning to believe their one hope in this direction was through English diplomacy. In the Prime Minister's interpretation, England, through (a) her intensive rearmament, (b) her cooperation with France, (c) her support of the Non-Intervention Committee in the Spanish situation, in spite of its unpopularity in much English opinion, (d) Chamberlain's determination to reach an accord with Italy, (e) the British Government's policy of economic and cultural interest in the Balkans and the Near East, (f) British cooperation in the question of refugee work, and (g) British Far Eastern policy, was attempting to establish through negotiation the bases for a general peace. "Last but not least," said the Prime Minister, "I point out British determination to gauge the dangers of the Czecho-German situation today. While I heartily endorse England's desire to reduce existing tension, I feel her policy as regards the Sudetan Germans is unwise, since

the

the pressure which England has brought upon the Czech Government to arrive at a solution merely has encouraged the Sudetan Germans to present demands which under ordinary circumstances they would have not dared presume. Of course, likewise the British pressure on the Czech Government has had favorable repercussions in Germany." Undoubtedly, in the opinion of the Prime Minister, England's attitude in the present German-Czech situation will result in some sort of Anglo-German accord, which from Bulgaria's viewpoint is the ultimate possibility which Great Britain has in view towards establishing a stable Europe.

The Prime Minister continued that all the reports reaching him (and I assume from his remarks that information had been exchanged with Belgrade) were that the internal economic conditions of Germany were not improving and one could say with some certainty now that it would be two years before Germany would be in a position to undertake any aggressive policy, which might lead to war, especially war against the Soviets. In that period of two years there was of course the possibility that England's present diplomacy might succeed and the chances of a future war be reduced. It was for this reason that Bulgaria and many other European countries were willing today to work in sympathy with the present British Government's concept of foreign policy. At parting, however, the Prime Minister said that Bulgaria's planning in all fields did not go beyond this two years period of continuing peace, since he felt at the moment it was impossible to envisage

the

the future with any degree of surety after that time.

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LEGATION OF THE
UNITED STATES OF AMERICA

Athens, August 3, 1938.

No. 2397.

Subject: The Salonika Agreement of July 31, 1938, between Bulgaria and the Balkan Entente.

DIVISION OF EUROPEAN AFFAIRS
AUG 24 1938
DEPARTMENT OF STATE

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AUG 2 4 1938
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DEPARTMENT OF STATE
ASSISTANT SECRETARY OF STATE
AUG 24 1938

The Honorable

The Secretary of State,

Washington.

Sir:

770.00/544

With reference to my telegram No. 49 of August 1, 1938, I have the honor to transmit herewith the text, as published in the Messager d'Athènes of August 1, 1938, and an English translation, of the Pact between Bulgaria and the members of the Balkan Entente, signed at Salonika on July 31, 1938.

FILED
AUG 31 1938

This important Agreement pledges abstention from the use of force in the mutual relations of the five states, in conformity with non-aggression pacts to which each is a party, and renounces, so far as concerns the contracting states, the application of Part IV (the military, naval

naval, and air clauses) of the Treaty of Neuilly, as well as the provisions concerning the Thracian border (i.e., demilitarized zones) contained in the Treaty of Lausanne of July 24, 1923.

Bulgaria is thus released from the legal restrictions on her post-war military establishment and permitted to fortify her frontiers, by the voluntary action of the states directly affected, her neighbors, who in return receive a pledge of non-aggression.

Prior indications of impending developments in the relations of Bulgaria with members of the Entente were not lacking, and the background, so far as Greece is concerned, was treated in my despatch No. 2376 of July 21, 1938, on Greco-Bulgarian Rapprochement. The actual signing of the present pact, however, came unexpectedly, and surprised most of those not directly concerned. I am informed by the Consul at Salonika that, despite obvious preparations for some undisclosed event, even high-ranking officials of the Government General and consuls of the Balkan Entente powers in that city disclaimed having any knowledge before the arrival of the two Prime Ministers of what was actually to take place. However, discerning observers in Athens had noted with interest that the Bulgarian Minister here had been received by the Prime Minister for several days running during the last week in July, and there were rumors to the effect that similar diplomatic conversations were taking place in Sofia. But the first definite clue was provided only by the accidental coincidence of the revolt at Canea, when Mr. Metaxas, in his appeal to the Cretan

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people

people on July 29, stated that the revolt occurred at a moment when he "was preparing to leave Athens in order to sign a foreign agreement of the greatest national interest" (see my telegram No. 47 of July 29, 1938). 868.00/1043 That Mr. Metaxas--and apparently the leaders of the other countries concerned--should have preserved so much secrecy in regard to the conclusion of this Accord, and refrained from making advance use of it for purposes of internal propaganda, may possibly be explained by a desire to keep a knowledge of the negotiations from such powers as might have reason to be displeased. But press reports from Sofia, via Paris, state that Italy was kept informed, and if this is the truth, the reasons for the secrecy still remain obscure.

In any event, the meeting was well staged. Mr. Metaxas and his party, including the Under Minister of Foreign Affairs and high career personnel of the Foreign Office, together with the diplomatic representatives of Rumania, Turkey and Yugoslavia, left Athens on Saturday night, July 30, and arrived in Salonika early Sunday. Meanwhile, earlier that morning, the Governor General of Macedonia, the Bulgarian Minister, and a delegation of Greek authorities had proceeded to the frontier town of Koula to meet Dr. Kiosséivanov and his party, which included the Greek Minister at Sofia and high officials of the Bulgarian Foreign Office. They arrived in Salonika by automobile in the afternoon. After their arrival, the usual formal visits were exchanged, and at 6:15 p.m. the two Premiers and their suites assembled in the office

of

of the Governor General for the signing of the Pact, in an atmosphere described by the local press as one of "complete cordiality". Telegrams announcing the signature were immediately dispatched by Mr. Metaxas to the Prime Ministers of the other Balkan Entente countries and to the King at Corfu. Decorations were then exchanged between the Bulgarian and Greek delegations to the extent of sixteen major orders and an uncounted number of minor ones, so that no one was left out. Toasts followed, and later an official banquet at the Mediterranean Palace Hotel, and more toasts.

The next morning the Prime Ministers returned to their respective capitals, and the news was announced to the world (see my telegram No. 49 770.00/544 of August 1, 1938).

The Greek Press has hailed the new agreements as a notable milestone in the development of inter-Balkan cooperation, as it unquestionably is, and has had only
3/ words of praise for Bulgaria. I enclose a translation of some of the editorial comment on the subject which appeared in local journals for August 1 and 2, 1938. The following excerpts are typical:

> Messager d'Athènes: . . . . . Though elsewhere Realpolitik and a policy of violent action are frequently confused, the Balkans have given to realism another conception. They have worked to put aside the motives which created divisions in the past and to retain the reasons which command the rapprochement of the present . . . .
>
> . . . . By the signature of the Salonika Pact the door is open toward a broad cooperation in all domains . . . .

Only

Only circumstances have separated Greeks and Bulgarians and set us against each other. On our side we have never ceased, even in the worst hours, to esteem the solid virtues of the Bulgarian people . . . .

Kathimerini: . . . . The Salonika Agreement gives a very real tenor to the doctrine of the great visionaries: "The Balkans for the Balkan peoples".

Eleftheron Vima: The most important result of the agreement is that the Bulgarian people will now participate more closely in Balkanic collaboration and that its government adds to the proofs of good will which it showed at the conferences of Montreux and Nyon . . . .

Proia: Thanks to the Balkan Entente the Balkans, heretofore considered as the powder magazine of Europe, have become one of the most tranquil zones on the continent, a center of calm, and of productive work, a factor of peace and of stability. The Pact between the Balkan Entente and Bulgaria now reinforces and strengthens still more the peace and stability in this region.

The new Agreement is perhaps still too recent to justify an analysis of its importance or significance, but at first view it appears to be a real achievement of constructive statesmanship. The picture of Balkan diplomats meeting in the very center of their former battleground, strife-torn Salonika, and realistically agreeing to be good neighbors, is a refreshing contrast to the tension and distrust today prevailing between their "civilized" mentors--the Western European powers. It is a development that would have been incredible only a few years ago.

In addition to the ecstatic approval in the controlled press, there seems to be a very general appreciation of the importance and wisdom of the new Pact on the part of the Greek public, which has long dreaded

Bulgaria both in herself and as a possible ally of Italy in the Balkans. Whether or not Britain and France had any hand in the conclusion of the new Agreement, as many informed observers believe, through Turkey, towards whom France has recently shown complainsance in the Sandjak, and to a lesser extent, Yugoslavia, or through the facilitation of loans to Bulgaria, it assuredly coincides with their interests rather than with those of Germany and Italy. The mosaic of the status quo in the Balkans would now appear about complete (see my despatch No. 2240 of April 28, 1938, on the Signature of the Greco-Turkish Pact).

Finally, to speak the language of the Greek opposition, we should perhaps give the devil his due, and admit that Mr. Metaxas's expensive arming of the northern Greek frontier may not have been a wholly fruitless undertaking. The Military Attaché of this Legation in his G2 report No. 5930 of April 18, 1938, gives it as his opinion that though the Greek "Maginot Line" is shallow it is probably strong enough to hold at the only points where it can be attacked, and if this is so, it may not have been without influence on Bulgaria's willingness to renounce aggression.

Respectfully yours,

Lincoln MacVeagh

Lincoln MacVeagh.

Enclosures:
1. Copy of Agreement between Bulgaria and Balkan Entente.
2. Translation of Agreement.
3. Summary of Newspaper Comment.

Copy to American Legation, Sofia.
File No. 710.
FDK/LMacV/pe

Enclosure No. 1 to Despatch No. 2397 of August 3, 1938, from the American Legation, Athens, Greece, on the subject of The Salonika Agreement of July 31, 1938, between Bulgaria and the Balkan Entente.

COPY

SOURCE: Messager d'Athènes, of August 1, 1938.

ACCORD ENTRE L'ENTENTE BALKANIQUE ET LA BULGARIE

Prenant en considération: que la Bulgarie est attachée à la politique de raffermissement de la Paix dans les Balkans et qu'elle est animée du désir d' entretenir avec les Etats Balkaniques des relations de bon voisinage et de confiante collaboration et;

Que les Etats de l'Entente Balkanique sont animés à l'égard de la Bulgarie du même esprit pacifique et du même désir de coopération, les soussignés, Son Excellence Monsieur Jean Métaxas, Président du Conseil des Ministres, Ministre des Affaires Etrangères de Grèce, en sa qualité de Président en exercice du Conseil Permanent de l'Entente Balkanique, agissant au nom de tous les membres de l'Entente Balkanique d'une part et son Excellence Monsieur le docteur Georges Kiosséivanoff, Président du Conseil des Ministres, Ministre des Affaires Etrangères de Bulgarie d'autre part,

Déclarent au nom des Etats qu'ils représentent que ces Etats prennent l'engagement de s'abstenir dans leurs relations mutuelles de tout recours à la force, conformément aux accords que chacun de ces Etats a souscrit en matière de non agression, et qu'ils conviennent, en ce qui les concerne, à renoncer à l'application des dispositions contenues dans la partie IV (clauses militaires navales et aériennes) du traité de Neuilly ainsi que des dispositions contenues dans la convention concernant la frontière de Thrace signée à Lausanne le 24 Juillet 1923.

Fait à Thessalonique, en double exemplaire, le 31 Juillet 1938.

(signés) JEAN METAXAS

GEORGES KIOSSEIVANOFF.

pe/

Enclosure No. 2 to Despatch No. 2397 of August 3, 1938, from the American Legation, Athens, Greece, on the subject of The Salonika Agreement of July 31, 1938, between Bulgaria and the Balkan Entente.

TRANSLATION

SOURCE: Messager d'Athènes, of August 1, 1938.

AGREEMENT BETWEEN THE BALKAN ENTENTE AND BULGARIA.

Taking into consideration: That Bulgaria is attached to a policy of consolidation of the Peace in the Balkans and is animated by a desire to maintain relations of good neighborliness and of confident collaboration with the Balkan States, and;

That the States of the Balkan Entente are animated with respect to Bulgaria by the same pacific spirit and the same desire for cooperation, the undersigned, His Excellency Mr. John Metaxas, President of the Council of Ministers, Minister for Foreign Affairs of Greece, in his capacity as President in function of the Permanent Council of the Balkan Entente, acting in the name of all the members of the Balkan Entente, of the one part, and His Excellency Dr. George Kiosseivanoff, President of the Council of Ministers, Minister for Foreign Affairs of Bulgaria, of the other part,

Declare, in the name of the States which they represent, that these States pledge to abstain from recourse to force in their mutual relations, in conformity with the agreements which each of these States has signed in the matter of non-aggression, and that they agree, as concerns themselves, to renounce the application of the provisions contained in Part IV (military, naval, and air clauses) of the Treaty of Neuilly, as well as the provisions concerning the Thracian border, contained in the Convention signed at Lausanne July 24, 1923.

Done at Salonika, in duplicate, July 31, 1938.

(signed) JOHN METAXAS

GEORGE KIOSSEIVANOFF

FDK/pe

Enclosure No. 3 to Despatch No. 2397 of August 3, 1938, from the American Legation, Athens, Greece, on the subject of the Salonika Agreement of July 31, 1938, between Bulgaria and the Balkan Entente.

TRANSLATION

SOURCE: Athens Newspapers, of August 1, 1938, and August 2, 1938.

EXCERPTS FROM THE GREEK PRESS

Messager d'Athènes:

A new date was inscribed yesterday in the happy series which followed the Balkan wars. The conclusion of the Greco-Turkish agreement marked the beginning. Then, by other steps, was formed and cemented the block of the four states of the Balkan Entente. A fifth has just exchanged with them a solemn engagement of confident collaboration. This accumulation of circumstances gives to the pact signed at Salonika a significance far surpassing a simple pact of non-aggression and extending beyond the limits of the Balkans. For every contribution to the work of conciliation is a contribution to the peace of Europe.

That of the Balkan states is unquestionably one of the most important. In the peninsula where mercurial passions and foreign political influences keep up a perpetual menace, the peoples have themselves found the right direction. Little by little they have approached each other with a true appreciation of realities.

Kathimerini:

The Salonika Pact, signed yesterday, is written proof of the good will of the Balkan States to live in harmony among themselves, and to lay solid foundations for a collaboration which will inevitably increase later, but which, even in its present form, has an unquestionably colossal importance for the stability of peace and the exclusion of war from this part of Europe.

We believe that the handclasp exchanged at Salonika is warm and cordial and that it constitutes the first productive and fruitful effort toward rapprochement and collaboration. Greece, which had the particular pleasure of extending that hand, through its Prime Minister, as President of the Council of the Balkan Entente, is optimistic as concerns the future of the new Pact and the evolution that Greco-Bulgarian relations will follow on the practical economic side. It is well known that our two economies, Greek and Bulgarian, are complementary one to the other, and it is likewise known that at one time Bulgaria was the best client of Greece as Greece was the best client of Bulgaria.

The agreement signed yesterday is certainly destined to break down the high tariff walls and to become the foundation for a new future in the relations of the two neighbors. The Greek people have not failed to appreciate the sincerity manifested toward the event by Bulgarian public opinion.

Eleftheron Vima:

The new Pact is not the final step in the program of the relations between the other Balkan states and Bulgaria, but a very important milestone in the development of these relations. This agreement will unquestionably permit an ever-widening development of their collaboration in all domains.

(August 3rd). In the Balkans, the Salonika Pact, which not only condemns violence as a political method, in its form as a treaty of non-aggression, but also fixes the orientation of Bulgaria toward the Balkan Entente. Thus, this country which formerly distrusted the Balkan organization, is today convinced of its good will. By the steps taken at Montreux in 1936 and at Nyon in 1937, it has come to the point in 1938 of declaring that it follows the same policy as the Balkan Entente. But, in addition, this agreement, by the abolition of the military restrictions of the Treaty of Neuilly at the expense of Bulgaria creates a condition of exceptional importance: Absolute moral equality between the signing parties. There are no longer in the Balkans conquerors and conquered, repossessed and injured. There are no longer some countries arming openly and others secretly. Without this moral leveling a true and sincere reconciliation could not exist. In the future, free and with equal rights Balkan states can each within its own frontiers give itself to the development of its material strength, no longer in support of quarrels but now for defense against any attack from any source.

What are the advantages of the pact for Greece? First, the consolidation of the feeling of security on the part of our frontier populations which will regard their neighbors as sincere friends. Secondly, the abolition of the special convention of Lausanne on the Thracian frontier which, consisting solely of provisions for the creation of neutral frontier zones in Greece, Bulgaria and Turkey, and constituting a collection of restrictions, tied our hands on the Thracian frontier and established an international servitude at this strategic point in our country. Thirdly, the opening of wide horizons of economic collaboration with a neighbor which we now understand well and which understands us just as well, and finally, the unshakeable conviction formed by contact with the Chief of the Bulgarian Government that the agreement with Bulgaria is not a passing thing, is not even the last step, but the point of departure for happy realizations to come.

Oeconomologhos Athenion: This event, the importance of which is very properly and unanimously brought out by the press of the interested countries and on account of which the most flattering commentaries have been published, has been received by the Greek public with sincere enthusiasm. It constitutes a confirmation of the constructive policy of the Balkan Entente and at the same time an incontrovertible proof of its force and cohesion. The Balkan states, which used to be a center of continual

effervescence

effervescence, presents today in the midst of very unnormal conditions elsewhere a high example of attachment to the ideal of peace, an ideal which can only be served by the free regulation of differences and the good faith of the contracting parties. The accord signed at Salonika will constitute a point of departure toward an ever-closer rapprochement . . . .

Acropolis:

The principal value of the Pact is that it expresses the predominance of a friendly feeling between the Balkan allies and Bulgaria.

Estia:

The Greek and Bulgarian peoples have seen that they were committing a crime against themselves in maintaining the barriers raised in the past.

We are not going to repeat here all that has been written in the Greek press and all that has been said by Greek public men, in order to prove that for a long time the Greek people have considered as natural the collaboration with Bulgaria. Nor are we going to give a resumé of the Bulgarian manifestations which have proved that the same sentiments and the same conceptions have begun to hold sway in Bulgaria . . . .

It is an axiom that commercial ties prepare the ground for a collaboration extending beyond the framework of economic affairs and that is exactly what has happened now. Yesterday Bulgaria signed at Salonika the most cordial act of understanding and collaboration with the entire group of the Balkan Entente. Thus are laid the foundations of a front of 60,000,000 men, extending from Central Europe to the Libyan Sea, decided to defend by every means their liberty and the peace in the Balkans.

The Balkan States are now together in peace and in danger, and each considers as his the territories of the other. They have mutually guaranteed their limits, but at the same time they have taken under their powerful protection the peace of the Balkans.

FDK/pe

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

No. 582

AMERICAN EMBASSY

Istanbul, Turkey, August 10, 1938.

770.00

Subject: The Salonica Agreement between Bulgaria and the Balkan Entente.

DIVISION OF
EUROPEAN AFFAIRS
OCT 13 1938
DEPARTMENT OF STATE

DEPARTMENT OF STATE
AUG 24 1938
DIVISION OF
NEAR EASTERN AFFAIRS

1938 AUG 23 PM 2 22

FOR DISTRIBUTION - CHECK
To the [illegible]
[illegible]

770.00/562

The Honorable

The Secretary of State,

Washington, D. C.

Sir:

1/ I have the honor to transmit to the Department a translation of the comments made in the Turkish press regarding the agreement concluded at Salonica on July 31, 1938, between Bulgaria and the states of the Balkan Entente. It will be seen that the Turkish press, while regretting that Bulgaria has not become a member of the Balkan Entente, hails this agreement as an indication of the common viewpoint of the Balkan peoples and as a manifestation of their will to preserve peace among themselves. Stress is laid upon the release of Bulgaria from the restrictions

trictions imposed upon her by Part IV of the Treaty of Neuilly, and this is interpreted as an admission of the injustice done to Bulgaria by that treaty.

The provision contained in the Salonica agreement for renouncing the Convention respecting the Thracian Frontier, which was signed at Lausanne on July 24, 1923, has caused little stir in Turkey. The only attention given it by the press was a news item to the effect that the people of Adrianople was prepared to give an enthusiastic welcome to the Turkish troops arriving to fortify the zone. The provisions of the Convention have undoubtedly been ignored for some time by Turkey as well as by Bulgaria; but its abrogation formally releases Turkey from the last of the restrictions upon her fortifying her own territory, which were imposed by the Lausanne treaties. The fact that Turkey's potential adversaries on the Thracian frontier received the same advantage does not lessen the surprise that the Turks should not be showing more enthusiasm over the removal of this limitation upon their freedom of action in their own territory.

It has been evident for some time that Turkey desired a rapprochement with Bulgaria. At the time of the meeting of the Permanent Council of the Balkan Entente at Ankara, an effort was made to bring Bulgarian representatives into the deliberations. Dr. Aras, the Turkish Foreign Minister, in speaking to Mr. Kelley at that time, showed that he particularly was interested in this matter (see the Embassy's despatch No. 558 of March 2, 1938). During another more recent conversation, a

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memorandum

memorandum of which was transmitted with my despatch No. 743 of July 14, 1938, Dr. Aras suggested the possibility that Rumania might be excluded from the Balkan Entente and be replaced by Bulgaria. On his many trips across the Balkans, Dr. Aras has often made a point of stopping at Sofia, and Celal Bayar, the Prime Minister, followed his Foreign Minister's example, when, on returning from Belgrade in May, he stopped for several hours in the Bulgarian capital. At that time it was currently rumored in Turkey that the adherence of Bulgaria to the Balkan Entente was the principal topic of conversation between him and the Bulgarian leaders (see my despatch No. 708 of June 23, 1938). The fact, however, that the agreement which was later signed at Salonica was actually projected at that time was a successfully guarded diplomatic secret, so far as the informed Turkish public was concerned. The news of its signature was the first that this Embassy heard that that concrete action had been in prospect.

It is readily understandable that Bulgaria would not wish to become a full member of the Balkan Entente, as such an act would seem definitely to close the door to any future revision of her frontiers. The Salonica agreement, however, seemingly implies that, while the Bulgarian Government cannot formally renounce its people's territorial aspirations, it will subordinate them for the time being to other interests which it considers to be more vital for the country in the present state of European affairs. Conceivably the next step may be

to

to bring Bulgaria into the deliberations of the Balkan Entente. On the other hand, with the elimination of Bulgaria as the most likely common enemy, the Balkan Entente may lose much of its force. The conflict of interests among Germany, Italy, and Great Britain and France, introduces new forces into Balkan politics and may well lead to new groupings.

It would seem to be of prime importance to Turkey that she should attempt to woo her nearest neighbor from German influence or to assist her in resisting German domination. This might of itself suffice to account for the recent efforts of Turkish statesmen to make an agreement with Bulgaria. In addition to this consideration, however, are the economic difficulties which Turkey has been having with Rumania; the feeling that Rumania and Yugoslavia have become too much entangled with other countries (particularly, Yugoslavia with Italy), to be counted upon as Turkey's friends; and the fact that Turkey is the least likely of all the members of the Balkan Entente to suffer directly should Bulgaria one day take advantage of a world crisis to try to expand her frontiers. It seems likely that for the immediate future Turkey will try to strengthen Bulgarian-Greek-Turkish ties as offering a more dependable, though smaller, combination of friendly states than the actual Balkan Entente.

2/ There is enclosed herewith a translation of the exchange of telegrams between General Metaxas, Mr. Kiosseivanov and Dr. Aras, as published in the Turkish press

two days after the signature of the Salonica agreement. It is of interest to note that the Greek and Bulgarian Prime Ministers, after signing the agreement, addressed telegrams, not to the Turkish Prime Minister, but to Dr. Aras, whom they credited with having contributed greatly to its conclusion. No exchanges of messages with the Yugoslavian and Rumanian leaders were published.

Respectfully yours,

J. V. A. MacMURRAY.

Enclosures:

1. Press Comment on the Salonica Agreement;

2. Exchange of telegrams.

Copies to the Embassies at London, Paris, Rome and Berlin;
Copies to the Legations at Athens, Belgrade, Bucharest and Sofia;
Copy to the Consulate General at Geneva.

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Enclosure No. 1 to Despatch No.

of August 10, 1938, from the Embassy at Istanbul, Turkey.

PRESS COMMENT
on the Agreement Recently Concluded at Salonica
between Bulgaria and the States
of the Balkan Entente.

August 2nd:

"For generations people used to look upon the Balkans as a source of constant conflicts leading to war. Today the Balkans constitute the cradle of genuine peace..... In the past the independence of the Balkan people was something entirely ephemeral. Each of these countries used to seek the protection of one or the other Great Powers, so that as a natural consequence of this state of affairs the Balkans were turned into a playground of the conflicting interests and rivalries of these same Great Powers. It cost the Balkan people great sacrifices and immense hardship before they could actually realize the true situation. The outcome of such insight was the Balkan Entente. Bulgaria was the only Balkan country which remained outside of this union. The peace signed at Neuilly constituted a serious obstacle to a sincere rapprochement between Bulgaria and its neighbors. Especially the military clauses of this treaty were felt by the Bulgarian people as a heavy injustice. Instead of succumbing again to the influence of the Great Powers, as it was feared, the wise and foresightful policy of H. M. King Boris, ably seconded by Prime Minister Dr. Kösséivanov, prevented such a repetition of old mistakes, and the Bulgarian people were gradually led to realize that their

interests

interests and welfare were closely linked with those of the other Balkan countries. This fact was clearly pointed out recently in the King's message to the Bulgarian Parliament. The first step necessary for a full understanding between Bulgaria and its Balkan neighbors was the suppression of the military clauses of the Treaty of Neuilly which legally somewhat impaired Bulgaria's full independence and sovereignty. The pact signed at Salonica now fulfills this purpose and thus establishes full equality between the Balkan States ..... since a real union can only be lasting among equals. Bulgaria has as yet not adhered to the Balkan Pact, but we are convinced that the time is not too far when we shall celebrate this event which will naturally constitute a great gain for world peace." (Ahmet Emin Yalman, TAN.)

"Bulgaria has finally adopted a definite attitude in regard to the Balkan Pact. The agreement signed at Salonica constitutes an important step for Bulgaria's entry into the union of the Balkan States. This denotes clearly the surrender of certain territorial aspirations cherished as far by Bulgaria..... a fact which will naturally greatly facilitate a more complete rapprochement with the other Balkan countries. We must admit that a Balkan union without Bulgaria is an incomplete achievement so that everybody firmly attached to the Balkan ideal must meet the signing of the Salonica Agreement with great satisfaction. We Turks feel especially happy over this event since we have had a great share in bringing about

the present understanding. We wish to refer in this connection to the recent visits abroad of Prime Minister Celal Bayar and the Minister for Foreign Affairs Dr. Tevfik Rüştü Aras. Furthermore, in spite of grave errors the Ottoman Empire has, no doubt, contributed greatly to bringing the Balkan people closer to each other spiritually as well as culturally. The Ottoman Empire does not exist any longer..... but this fact is certainly not an obstacle to the creation of a Balkan Empire." (Muhittin Birgen, SON POSTA.)

"Bulgaria has now been freed of the military obligations imposed by the Treaty of Neuilly. This spontaneous gesture of the Balkan Entente constitutes more or less a welcome present to Bulgaria. In order that sincere relations be established between people the first thing to be done is to remove all factors injuring pride and self-respect. Equality between friends is indispensable. This fact has been fully realized by the Balkan people. This happy event justifies hopes for closer relations in the future." (H. Cahid Yalcin, YENI SABAH.)

August 3rd:

"Although at the first glance the agreement signed at Salonica reveals the nature of a purely Balkan affair, in reality it constitutes an event worthy of occupying an important place in the history of world politics..... Everybody will easily recall that President Wilson's principles of peace which were to govern post war treaties

were

were completely disregarded during the elaboration of the treaties terminating the World War, and that America was unfortunately unable to utilize at that time its tremendous prestige for the sake of real peace and concord. We Turks were the very first people to oppose such unjust practices and by waging our war of independence we rendered at the same time a tremendous service to humanity by laying the foundation for real peace..... a service which will be more thoroughly appreciated by coming generations. Lausanne which took the place of Sèvres constituted the first marking stone on the road leading to peace. Although later on the treaties of Versailles and Saint Germain were also denounced..... nothing concrete has as yet taken their place. The next positive step taken after the World War to base peace on a solid foundation has been the recent substitution of the Treaty of Neuilly by the Salonica Agreement. That is to say, Salonica complements Lausanne. The turn is now that of the Treaty of Trianon. The burial of this pact and the inclusion of Hungarian territory within the sphere of Balkan peace is merely a question of time." (Ahmet Emin Yalman, TAN.)

"The States of the Balkan Entente have just given new evidence of their political maturity. Thus the Balkan people which formerly were considered as constantly endangering the peace of the world, are today showing Europe, which is in complete chaos, the road leading to peace and salvation..... The Balkan Entente in its present

ent form constitutes a union of 60 million people. If the Balkan Entente followed a policy merely based on its own force, it would have attached no importance whatsoever to Bulgaria's entry into this union. However, since egoistic motives do not determine its policy, the Balkan Entente did not wish to deprive of the benefits of this union Bulgaria, a country which had greatly suffered from the outcome of the World War. The Salonica Agreement is a happy result of this wise and equitable policy." (Asim Us, KURUN.)

"While war is being waged in the four corners of the world a sincere atmosphere of friendship is daily gaining strength in the Balkans..... Will the world be able to draw a lesson from the profound changes which have taken place in this part of the universe? The new agreement signed at Salonica constitutes another important step leading to the ideal of the Balkan union. With the new agreement there exists no longer any obstacle for Bulgaria taking its place in the Balkan Entente..... which is a great blessing for each of the Balkan States separately as well as for peace in Europe. The Balkan people have in fact discovered the positive road to happiness." (Nadir Nadi, CUMHURIYET.)

"The Salonica Pact constitutes another evidence of the fact that the States of the Balkan Entente have founded their policy on realities instead of sentimental considerations. The military clauses of the treaties of Versailles, Saint Germain, and Trianon were all abolished by force and

<u>not</u>

not with the consent of the Powers dictating these treaties. The States of the Balkan Entente, however, have out of their own accord recognized Bulgaria's right to full equality and thus laid the foundation for a close and fruitful cooperation with this country." (Muharrem Feyzi Togay, CUMHURIYET.)

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Enclosure No. 2 to Despatch No.

of August 10, 1938, from the Embassy at Istanbul, Turkey.

TRANSLATION

SOURCE: LA REPUBLIQUE,
August 2, 1938,
No. 4775.

EXCHANGE OF TELEGRAMS.

On the occasion of the signatute at Salonica of the agreement between the Balkan Entente and Bulgaria the following exchange of telegrams took place between Mr. Metaxas, President in office of the Permament Council of the Balkan Entente, Dr. Tevfik Rüştü Aras, Minister for Foreign Affairs, and Mr. Kiosseivanov, Bulgarian Prime Minister:

His Excellency
Dr. Tevfik Rüştü Aras,
Turkish Minister for Foreign Affairs,
Ankara.

I am very happy to announce to Your Excellency that I have signed today with Mr. Kiosseivanov, in my capacity of President in office of the Permanent Council of the Balkan Entente, the Agreement between the Balkan Entente and Bulgaria, to the conclusion of which you have so greatly contributed.

In thanking you most sincerely for your enlightened cooperation I rejoice over this happy event which will evidence the attachment of the Balkan Entente to the ideal of peace. I am convinced that the document which we have signed today will inaugurate a new era of concord and confident cooperation between the States of the Balkan Entente and Bulgaria, -- a cooperation which while crowning our efforts for the prosperity of our peoples and for the strengthening of peace in the Peninsula constitutes a precious contribution to the general endeavors for peace.

METAXAS.

An identical telegram was addressed to Dr. Tevfik Rüştü Aras by Mr. Kiosseivanov, President of the Bulgarian Council.

The following are the replies of our Minister for Foreign Affairs:

His

His Excellency
Mr. Metaxas,
President of the Council and
Minister for Foreign Affairs,
Athens.

I thank Your Excellency warmly for the telegram which you were so kind to send me in connection with the signature of the Agreement between the Balkan Entente and Bulgaria. Your Excellency has presided with customary authority over this work for the sake of peace which is destined to show to the world the true meaning of the Balkan Entente and to contribute to the strengthening of its prestige.

I desire to convey to Your Excellency, on behalf of the Government of the Republic and on my own behalf, my warmest and heartiest congratulations. I fully join in your conviction that the important document signed yesterday shall mark the beginning of a new era of concord and confident cooperation between the States of the Balkan Entente and Bulgaria and shall constitute -- within the scope of strengthening peace in the Peninsula -- an efficient contribution to the general endeavors towards peace.

Dr. ARAS.

His Excellency
Mr. Kiosseivanov,
President of the Council and
Minister for Foreign Affairs,
Sofia.

I most sincerely thank Your Excellency for the telegram which you were so kind as to send me from Salonica on the occasion of the happy event of the signature of the Agreement between the Balkan Entente and Bulgaria.

In this connection I wish to convey to Your Excellency, on behalf of the Government of the Republic and on my own behalf, my heartiest congratulations and to express at the same time the great satisfaction which I feel at the thought that a new era of confident cooperation has thus been inaugurated between Bulgaria and the States members of the Balkan Entente.

The spirit of mutual comprehension shown by the five Balkan States has brought about an achievement which shall constitute, I am convinced, a precious contribution to the strengthening of peace and confident cooperation in the Balkan Peninsula.

DR. ARAS.

DEPARTMENT OF STATE

DIVISION OF EUROPEAN AFFAIRS

August 26, 1938.

Summary of despatch no. 472 from Legation at Bucharest dated August 10, 1938.

Subject: Rumanian Reaction to Saloniki Accord

The Rumanian reception of the Saloniki accord has been very favorable. The local feeling is that the Agreement is a great contribution to peace through effecting complete solidarity in the Balkans, and that it removes the danger of war in this area, and increases the bargaining power of the Balkan Entente. Furthermore it is thought to be an initial step leading to full integration of Bulgaria into the Balkan Entente. Frequent mention is made of the need of Balkan solidarity against German pretensions in the Danubian area.

Eu:Coe:AMR.

LEGATION OF THE
UNITED STATES OF AMERICA

No. 472. Bucharest, August 10, 1938.

Subject: Rumanian Reaction to Salonika Accord.

DIVISION OF
EUROPEAN AFFAIRS
AUG 24 1938
DEPARTMENT OF STATE

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DEPARTMENT OF STATE
AUG 31 1938
DIVISION OF
NEAR EASTERN AFFAIRS

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The Honorable

The Secretary of State,

Washington.

DEPARTMENT OF STATE
AUG 27 1938
ASSISTANT SECRETARY
OF STATE

Sir:

I have the honor to report that the accord signed in Salonika on July 31st last by Mr. Kiosseivanoff, on the part of Bulgaria, and General Metaxas, on the part of the Balkan Entente, has been received in Rumania with every show of favor and satisfaction. The press---remembering always that there is now in this country no opposition, party or free press, but rather a strict Government censorship and control----has been uniformly favorable, as may be seen from enclosure No. 1 to this despatch, which comprises translations of extracts from all the more serious articles dealing with this

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event

event.

In addition to the more general comment hailing the accord as a great contribution to the cause of peace which will bring complete solidarity to the Balkans, remove the danger of war in this area and substantially augment the bargaining power of the Balkan Entente, there is considerable stress on the idea that it is chiefly significant as an initial step which will ultimately lead to full integration of Bulgaria into the Balkan Entente. Several commentators suggest that the Stresa declarations of 1935 pointed the way to such an accord and that the Bulgaro-Yugoslav Pact of January of last year proved to be the entering wedge for improved relations between Bulgaria and the Entente countries. They also enumerate more recent intimations, notably the attention given Bulgaria at the time of the Balkan Entente Conference at Ankara last February, King Carol's conversations with President Ataturk last June and Premier Kiosseivanoff's favorable allusions to the Balkan Entente in addressing the Sobranié in July. Frequent mention is made of the need of Balkan solidarity against German pretensions in the Danubian area, and Bulgaria's preference for negotiation as against the German fait accompli tactics is favorably noted. The hope is expressed that Hungary will follow the commonsense example set by Bulgaria. Few commentators have been able to resist mentioning that the so-called Balkan "powder barrel" is one of the most peaceful areas in the world today. No mention whatsoever is made of Albania.

On

On August 1st Foreign Minister Comnen gave a statement to the press in which he stated that the pact with Bulgaria represents "not a final point but only a stage" and expressed Rumanian satisfaction over the prospect of a new era of confidence and friendship in Balkan relations. A full translation of his statement is enclosed herewith. I am also enclosing translations of telegrams exchanged between Foreign Ministers Comnen and Kiosseivanoff on the occasion of the signature of the Pact, as well as, for purposes of record, the Pact itself and the accompanying communiqué as they appeared in the Rumanian press.

Respectfully yours,

Frederick P. Hibbard

Frederick P. Hibbard,
Chargé d'Affaires ad interim.

Enclosures:
5, as stated.

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CKH:EMS.

Copies to Athens, Belgrade, Istanbul, Sofia.

(In Translation)

Enclosure No. 1 to Despatch No. 472 of August 10, 1938, from the American Legation, Bucharest.

EXTRACTS FROM RUMANIAN PRESS REGARDING SALONIKA ACCORD

DREPTATEA (formerly official organ of National Peasant Party) August 2, 1938.

.....We greet with joy the departure of Bulgaria from an old policy, which separated her from her historic and geographic necessities, by which she gains a little sooner faithful friends and allies for the hours of need.....

With what satisfaction do we register this great success of the Balkan Entente at a moment when in other regions of the globe peoples hate and kill one another without pity.

But the pact at Salonika does not stop merely at moral declarations..... There is no doubt that the accord signed today inaugurates a policy of security of harmony in the Peninsula and at the same time contributes in a precious manner to the task of general peace.

VIITORUL (formerly official organ of National Liberal Party) August 3.

.....By the accord at Salonika an example of international spirit of understanding has been demonstrated looking to a policy of reestablishing the necessary equilibrium in these very disturbing and uneasy times.....

Rumania has found a favorable soil for the affirmation of peace, and has thus succeeded in consolidating an understanding which guarantees good relations between herself and her neighbors. The adhesion of the Rumanian Government is also brilliant proof of sentiments of confidence and friendship toward the Bulgarian people and its comprehension of the requests of others when they are compatible with the permanent interests of Rumania.

Honor is due the statesmen who contributed to the realization of this accord. Built on reciprocal confidence, inspired by the common will to preserve the patrimony of peace, the accord at Salonika is built on a plan of international collaboration as a fact of overwhelming necessity, with the great role of maintaining the close cohesion so necessary for overcoming all difficulties.....

UNIVERSUL (nationalistic, anti-Semitic), August 3.

.....The accord signed Sunday at Salonika....has put an end to a state of mind in the Balkans which, in reality, contradicted the good intentions and the real desires of peace of all the Balkan States, and has normalized the relations of Bulgaria with all the States of the Balkan Entente, opening the path to a broad collaboration for the assurance and the consolidation of peace in the region

which

which was considered in the near past as the point where the fire would break out.

.....Certainly, the accord could not have been accomplished, if, in the first place, Rumania had not given her entire support. Again our country has proved how much her international policy is bound up with the idea of peace and how much this policy lacks resentment or aggressive thoughts.....

The accord is truly an historic event. It is the last link in the chain which binds the Balkan States in their common objective: peace in the Balkans, peace through an understanding of reciprocal interests by friendly collaboration and by respect of the existing frontiers.....

Bulgaria's political leaders had the intelligence not to choose the path of faits accomplis, of not forcing events and of not provoking public opinion in the countries with which she must collaborate in the future.....

Mr. Comnen, Minister for Foreign Affairs, in his statement to the press, said, among other things:

"Freely consented to by all signatories, this act is not a final point, but only a stage."

Words full of wisdom for the future----words which appear more eloquent today when we know the joy with which the Bulgarian people received the news of the signing of the accord and the dominant sentiment in Bulgaria.

TIMPUL (democratic), August 3.

The accord signed at Salonika between Bulgaria and the Balkan Entente has greater value than the text reveals....

The accord, as Mr. Comnen pointed out in his statement to the press, is only a stage and not a final act. The accord creates an atmosphere favorable to a closer collaboration in the future. The hand extended by Rumania to her neighbor on the South was not a simple gesture of courtesy. The present stage should have consequences which, in the interest of peace, we desire with all our heart. And these consequences are destined to bring Bulgaria into the Balkan Entente, an instrument which has given brilliant proof of its positive value on so many difficult occasions....

The accord at Salonika, representing a realist policy and one of broad understanding, will be followed by other acts of foreign policy. Wherever the will for peace and collaboration is sincerely shown the reply of Rumania will not be lacking.

We note with gratitude the role of His Majesty the King in this task completed by our diplomacy headed by Mr. N. P. Comnen. Words of praise are due Messrs. Metaxas, Stoyadinovitch and Rustu Aras, who facilitated the

conclusion of the accord.

The value of the act at Salonika is stressed by the entire international press.....

LE MOMENT (democratic, in French), August 3.

Since Sunday, the Balkans, no longer divided, form but a single bloc.

The Salonika accord has just set aside for all time any peril of war whatever in this part of Europe, which has so often been the source of fire.

By this accord, Bulgaria engages herself never again to have recourse to force, in case of conflict, against the members of the Balkan Entente, and obtains, in return, equality of rights as regards armament, that is to say, the annulment of the 4th Chapter of the Treaty of Neuilly.

We must remind our readers that LE MOMENT has been the only newspaper to foretell, since last year, the enlargement of the Balkan Pact by the inclusion of Bulgaria, an initial act which----as is confirmed today----has required long discussions and great diplomatic labor.....

By the accord of July 31st Bulgaria wins equality of rights as regards armament and a freely-granted treaty modification.

The countries of the Balkan Entente obtained the formal recognition of the Balkan Entente as an organ of peace and the engagement on the part of Bulgaria not to have recourse to force.

This accord is not a final point, it is a stage.

For the moment, it is not yet a pact of mutual assistance, but only a pact of non-aggression. For the moment, Bulgaria recognizes the Balkan Entente and prepares the way to enter into it and to form the Balkan Confederation.

In any case, as "Le Journal" remarks, "the Balkans are giving to the Occident an example of wisdom".

The great step has been taken. The others, looking to a rapprochement and to cooperation, will follow easily.

SEMNALUL (democratic), August 3.

By the accord signed at Salonika during this period of tension the Balkan States gave an example of wisdom and high international spirit. It is one of the examples which the small States have given to the entire world. It means, furthermore, an increase in the prestige of an international organism, the Balkan Entente.

From

From the local point of view, in the so-called "Near East" sector, good understanding agreed to by the five Balkan States will constitute, by the accord signed by Bulgaria, a guarantee of peace and security for all the neighboring and friendly States, with the closest collaboration.....

The accord of non-aggression which has been signed is certainly the first step toward the integration of Bulgaria into the bloc of the Balkan Entente.

For Rumania the act at Salonika signifies the conclusion of negotiations which, while having their origin at Stresa in April 1935, are, however, the fruit of long and careful preparation on the part of Mr. Comnen, Rumanian Minister for Foreign Affairs. Mr.Comnen, when representative of Rumania at the Inter-Balkan Conference, discussed the problem with all the members of the Balkan Entente. On his return to Rumania he intentionally made his itinerary Istanbul-Sofia-Bucharest* to be able to hold conversations with the representatives of the Bulgarian Foreign Ministry looking to a rapprochement between the two countries.....

This is the first step, the first result of the tireless activity of the Rumanian Minister for Foreign Affairs. By the intelligent effort of our first Rumanian diplomat Rumania has helped in making a gesture of international solidarity of considerable significance.

Under the reign of Kings Carol and Boris, the two peoples start out upon a new path of peace and collaboration.

Certainly, the road begun will not end here.

INDEPENDANCE ROUMAINE (formerly official French-language organ of National Liberal Party, August 3.

It was at Stresa, three years ago, that the problem of the adjustment of the Treaties of Peace in order to reestablish the principle of the equality of right among all States was raised for the first time. What has happened since then is well known. Germany, without any negotiation, repudiated the military clauses of the Versailles Treaty, an action which constituted one of the gravest infractions of international law and of respect for Conventions.

More prudent and more thoughtful, Hungary and Bulgaria did not emulate the example of the Reich and preferred to negotiate. It is the final point of these negotiations with the Government at Sofia which is represented by the

Salonika

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* This is inaccurate. Mr. Comnen's return itinerary was Istanbul-Plovdiv (Philippopolis)-Ruschuk-Giurgiu-Bucharest.

Salonika accord, concluded to the satisfaction of all parties and destined to inaugurate a new era in the Balkan Peninsula.

The uninitiated can scarcely imagine how much labor, ability and spirit of conciliation were necessary during these three years in order to arrive at a result which consolidates peace and the Treaties, which allows Bulgaria to register a great diplomatic success and permits other signatories to recruit a new associate for the work of pacification and for the independence of the Balkans.

It is necessary to consider what this region represented barely a few years ago, how much rancour and hate were there accumulated, to realize the extent of the effort which has been made in order to arrive at such a complete understanding.

The directors at Sofia have had the merit of finding a way to enlighten Bulgarian public opinion, to the end of preparing the psychological conditions for the accord. The other Governments also have the merit of having given proof of broad realistic views. In this happy success Rumania recognizes the effects of the firm and wise policy of its King, admirably seconded by the accomplished diplomat which is Mr. Comnen.

PREZENTUL (democratic), August 4.

The accord signed at Salonika between the Balkan Entente and Bulgaria has a significant pacific value and is, certainly, capable of later development, tending to consolidate the ties of good neighborship and collaboration among the States of this region. It consecrates the fundamental idea of the Balkan Entente, although it attenuates some of the original provisions of this understanding. International evolution, proofs of pacific will shown by Bulgaria, the maintenance of the solidarity of the Balkan Entente justify this new interpretation.....

The entry of Bulgaria, by this first step, into close relations with the Balkan Entente offers reciprocal advantages.....

The recent threats of abusive descents into the valley of the Danube and into the Balkans have helped to awake a feeling of independence in all the nations of these regions.and have stimulated their sense of solidarity. Each of them realizes the individual benefits which may be drawn from common defense. And this defense will gain power as the Balkan region gains greater autonomy in the face of foreign infiltrations..... The sad and dangerous epoch when the Balkans were a sort of international fair full of foreign agents is, naturally, at an end.....

By the accord at Salonika, Bulgaria obtains annulment of the military restrictions provided in the Treaty of Neuilly. A new revision by agreement is thus accomplished giving the cause of international justice and peace needed satisfaction after so many flagrant violations..... We

Rumanians know the qualities of courage, labor and tenacity of our neighbor. We are happy to see growing prosperity in the Bulgarian nation and to live with her in the most cordial relations of peaceful neighborliness. We extend our friendly hand with a wish for continued collaboration in the Balkan Entente. Bulgaria as well as we cannot but gain therefrom.

ROMANIA (new paper supporting the present regime), August 4.

.....The historic act signed on July 31, 1938 at Salonika.....whereby Bulgaria enters into the sphere of action of the Balkan Entente is further proof of the policy of loyal collaboration and cooperation in the Balkans..... looking to a consolidation of peace in Southeastern Europe.

Since the last meeting of the Permanent Council of the Balkan Entente at Ankara the idea of rapprochement with the States composing this international organization took more concrete form. The Yugoslav-Bulgarian pact of perpetual friendship paved the way; the visit and contact which Mr. Comnen had with Mr. Kiosseivanoff at Sofia* on his return from Ankara clarified the differences existing at that time between Rumania and Bulgaria; and the speech of Mr. Kiosseivanoff on July 9 in the Bulgarian Chamber at the time of the Reply to the Message from the Throne was the reply to the friendly hand extended to Bulgaria by her neighbors.

This act, which the Rumanian Minister for Foreign Affairs defined as "a stage", not a final point, opens up prospects in the Balkans of an international collaboration and cooperation of the greatest significance for the consolidation and organization of peace in this region of Europe.

As far as Rumania is concerned, there is the sincerest desire here to see eliminated and resolved in the most speedy and satisfactory menner the problems in suspension between the two States.....

CURENTUL (nationalistic, anti-Semitic), August 4.

.....Naturally, it is an act of political good sense, a lucid interpretation of the events and at the same time a courageous liberation from that conspiring spider which forced her (Bulgaria) into continuous isolation. Without renouncing anything, without provoking anyone, without going back on her aspirations, Bulgaria obtains the abrogation of the military, naval and air clauses contained in the Neuilly Treaty. In turn she gives assurance that she will not have recourse to force for the liquidation of possible disputes in their mutual relations. Naturally,

this

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*See footnote on page 4.

this engagement bears authorized signatures and it is very likely that the sincerest intentions animate the Bulgarian leaders.....

Bulgaria has examined the situation with good sense, with a peasant prudence, with an aversion to any tempting adventure, and has drawn a political conclusion:

A policy of isolation, a continual negotiation with no benefit for one side or the other----what advantage has she in serving one great power then another in their disturbing maneuvers?.....

.....In the rallying of Bulgaria to the pact of the Balkan Entente there is a sign of great political foresight. The realist spirit of the Bulgarians has found a splendid interpreter in King Boris.....

Without exaggerating its value, we attribute to it a significance, we consider it a consequence of the action of England, of the active and direct presence of England in European problems. We read something else in this fact: the peoples fear to risk a new war. There is in the atmosphere today a greater desire for peace, in spite of the desperate policy of armaments, than there was during the days when time was lost looking for a formula of disarmament.....

Enclosure No. 2 to Despatch No. 472
of August 10, 1938, from the
American Legation, Bucharest.

Translated from ROMANIA
of August 3, 1938.

COMNEN'S STATEMENT TO THE PRESS REGARDING SALONIKA ACCORD

The act signed yesterday at Salonika by President Kiosseivanoff in the name of Bulgaria and by President Metaxas in the name of the Balkan Entente has a historic importance.

Recommended back in 1935 at Stresa, this act opens up a new era in the relations between the Bulgarian people and her neighbors.

Freely consented to by all the signatories, it is not a final point but only a stage.

This rapprochement among our countries is especially desired, not only by us but by all the friends of peace, and we can congratulate ourselves that our Governments, putting aside private differences which might still separate us, had in mind only the common superior and permanent interest.

Proceeding in this manner, "the Near East" gives a happy example of international spirit, and makes a serious contribution to the task of the brotherhood of peoples.

As far as we are concerned, we have given further proof on this occasion that the hand which we extended last March to our neighbors was not, as some believed, a simple gesture lacking real political content.

The act at Salonika, which could not have been accomplished without us, is proof of the sincere policy of peace pursued by the Sovereign and the Rumanian people with regard to all peoples and especially our neighbors.

The adhesion of the Rumanian Government to this accord is not only a brilliant proof of its sentiments of confidence and friendship toward the Bulgarian people but also its comprehension of the needs of others when they are compatible with the permanent interests and with the dignity of Rumania.

Above the historic vicissitudes which have been able to divide our peoples for a short time, in this historic hour Rumania, looking with confidence toward the future, recalls only the pages of brotherhood----pages so numerous----which have united the Bulgarian and Rumanian peoples through the centuries.

The act at Salonika is a solemn confirmation of the creative policy of the Balkan Entente and a brilliant proof of its force and cohesion.

I cannot close these explanations without paying

respectful

respectful homage to the five Chiefs of State who have presided over this important accomplishment, and especially to His Majesty the King, Our August Sovereign, who again in this instance has given every measure of his political qualities and his spirit of broad and generous understanding of the great problem of peace and international collaboration.

It is also necessary to present the expression of our sentiments of sincere gratitude to Their Excellencies Messrs. Kiosseivanoff, Metaxas, Stoyadinovitch and Rustu Aras, who, at the opportune moment, gave their personal contribution, with exceptional enthusiasm, to the realization of this task of high historic significance.

Enclosure No. 3 to Despatch No. 472
of August 10, 1938, from the
American Legation, Bucharest.

TELEGRAMS EXCHANGED
BETWEEN FOREIGN MINISTERS COMNEN AND KIOSSEIVANOFF

(Translated from CURENTUL of August 2, 1938)

Kiosseivanoff to Comnen:

I am very happy to announce to Your Excellency that I have signed with Mr. Metaxas, in his quality as Acting President of the Council of the Balkan Entente, the accord between Bulgaria and the Balkan Entente, to the conclusion of which you have contributed so much.

In extending to you my great thanks for your enlightened cooperation, I rejoice over this happy event which constitutes a new proof of the attachment of the Balkan States to the ideal of peace.

The act which I have signed will mark, I am convinced, the beginning of an era of harmony and of confident collaboration between Bulgaria and the States of the Balkan Entente, a collaboration which will crown our efforts for the prosperity of our peoples and for the strengthening of peace in the Peninsula, as well as a precious contribution to the generaltask of peace.

KIOSSEIVANOFF

Comnen's Reply:

The sentiments which Your Excellency kindly expresses to me in his telegram, which I have just received, have moved me deeply. I share them without reserve with Your Excellency and his country.

The act which we have just signed at Salonika constitutes a new confession of the happy state of mind which dominates in the Balkans, the forerunner of a new era of sincere and cordial collaboration.

The Rumanian people is happy to give, at this historic moment, a brilliant proof of friendship to the Bulgarian people which opens new horizons for our relations and resumes, at the same time, noble and old traditions.

COMNEN

Enclosure No. 4 to Despatch No. 472
of August 10, 1938, from the
American Legation, Bucharest.

ACCORD SIGNED AT SALONIKA ON JULY 31, 1938 BETWEEN BULGARIA AND THE BALKAN ENTENTE

(Translated from CURENTUL of August 2, 1938)

Taking into consideration that Bulgaria is attached to the policy of strengthening peace in the Balkans and that she is inspired by the desire to maintain with the Balkan States relations of good-neighborliness and confident collaboration and that the Balkan States are inspired by a pacific spirit and by the same desire to cooperate with Bulgaria,

The Undersigned: Metaxas, President of the Council of Ministers and Minister for Foreign Affairs of Greece, in the quality of acting President of the Permanent Council of the Balkan Entente, on the one hand, and Kiosseivanoff, President of the Council of Ministers and Minister for Foreign Affairs of Bulgaria, on the other, have declared, in the names of the States which they represent,

That these States undertake to abstain, in their mutual relations, from ever having recourse to force, in conformity with the Accords to which each of these States has subscribed in the matter of non-aggression, and that they agree, as far as they are concerned, to renounce the application of the provisions contained in Part IV (military, naval and air clauses) of the Treaty of Neuilly, as well as the provisions contained in the Convention in regard to the frontier of Thrace, signed at Lausanne on July 24, 1923.

Done at Salonika, in duplicate, today July 31, 1938.

Enclosure No. 5 to Despatch No. 472
of August 10, 1938, from the
American Legation, Bucharest.

COMMUNIQUE ISSUED FOLLOWING CONCLUSION OF SALONIKA ACCORD

(Translated from CURENTUL of August 2, 1938)

His Excellency Mr. George Kiosseivanoff, President of the Council of Ministers and Minister for Foreign Affairs of Bulgaria, and His Excellency Mr. I. Metaxas, President of the Council of Ministers and Minister for Foreign Affairs of Greece, in the quality of acting President of the Permanent Council of the Balkan Entente, met today at Salonika and proceeded to the signing of the Accord between the Balkan Entente and Bulgaria.

This accord, concluded in a spirit of equality, is the happy result of negotiations freely undertaken in an atmosphere of cordiality and reciprocal understanding. It marks a historic step in the relations of the five States and permits the logical hope that in the near future this act will have beneficial results.

Inspired by the same ideal, attached to the policy of strengthening peace in the Balkans, Bulgaria, Turkey, Rumania, Yugoslavia and Greece undertake to abstain, in their mutual relations, from ever having recourse to force in conformity with the Accords to which each of these States have subscribed in the matter of non-aggression and agree as far as they are concerned to renounce the application of the provisions contained in Part IV (military, naval and air clauses) of the Treaty of Neuilly, as well as the provisions contained in the Convention in regard to the frontier of Thrace, signed at Lausanne, July 24, 1923.

Inspired by a desire for collaboration and close and friendly understanding in all fields, penetrated by the concern to assure prosperity to their tried peoples, Bulgaria and the States of the Balkan Entente are determined to continue their pacific efforts. They have no doubt that the accord signed today inaugurates a period of security and harmony in the Peninsula.

TELEGRAM RECEIVED

JR
A portion of this telegram must be closely paraphrased before being communicated to anyone. (B)

FROM

Praha

Dated August 25, 1938

Rec'd 9:10 a.m.

DIVISION OF EUROPEAN AFFAIRS
AUG 25 1938
DEPARTMENT OF STATE

Secretary of State,

Washington.

168, August 25, noon. (GRAY)

I saw the Minister of Foreign Affairs late yesterday afternoon soon after his return from Bled and he expressed satisfaction over the results of the meeting not so much in regard to the specific accomplishment relating to rearmament and non-aggression as to the fact that the Little Entente had agreed to stand together and formed a stronger United States than for some time past. In the matter of minorities the three countries had decided that the treatment of the Hungarian minority in each country was a domestic matter for the particular country to deal with and that this would be pursued on a basis of liberal and broad-minded policy.

FILED
AUG 29 1938

(END GRAY) The Foreign Minister informed me that Italy while not putting herself in opposition to Germany has encouraged Hungary to pursue a more moderate policy in respect to the states of the Little Entente and he reported that Stoyadinovitch while desirous of maintaining

a

770.00/564

a friendly attitude toward Germany believes that it is more important that the members of the Little Entente should stand together for the common good.

CARR

(*) Apparent omission.

PEG:WWC

TELEGRAM RECEIVED

FS

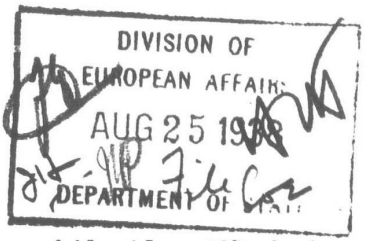
A portion of this telegram must be closely paraphrased before being communicated to anyone. (B)

FROM

PRAHA

Dated August 25,1938

Rec'd 9:10 a.m.



770.00/565

Secretary of State,

Washington.

169, August 25, 1 p.m.

(GRAY) In a conversation yesterday with the Minister for Foreign Affairs regarding the Danubian question (Belgrade's No. 91, August 17, 10 a.m.) and with reference to Germany's attempt to eliminate Italy, France and Great Britain from the commission, I was informed that the Bled Conference decided that the question relating to the commission would have to be determined by a special international conference of the present commission countries (END GRAY).

The Minister also stated that the Little Entente would not support the desired elimination.

CARR

RR:WWC

FILED
AUG 29 1938

~~RGC~~ EU

TELEGRAM RECEIVED

1—1236

FROM

JR

This telegram must be closely paraphrased before being communicated to anyone. (B)

Budapest

Dated August 25, 1938

Rec'd 1:25 p.m.

DIVISION OF EUROPEAN AFFAIRS
AUG 26 1938
DEPARTMENT OF STATE

Secretary of State,

Washington.

61, August 25, 5 p.m.

Concerning Bled Conference Apor informed me confidentially that Yugoslavia and Rumania have separately agreed not only to grant equality of arms and to reaffirm Kellogg Pact but also agreed to try to accord better treatment of minorities. He states nothing could be done with Czechoslovakia until it has settled German problem. He denies Kanya's absence from Hungary prevented general minority settlement. The Hungarian communique and newspapers emphasize temporary nature of agreements.

Mailed Belgrade, Bucharest, Praha.

TRAVERS

RGC:DDM

FILED
AUG 29 1938

770.00/566

GDG

TELEGRAM RECEIVED

1—1336

FROM

JR
This telegram must be closely paraphrased before being communicated to anyone. (C)

Belgrade

Dated August 25, 1938

Rec'd 6:35 p.m.

Secretary of State,

Washington.

100, August 25, 10 a.m.

STRICTLY CONFIDENTIAL. (?) (?) (?)

The meeting of the Little Entente seems to have accomplished little or nothing. The question of Hungarian minorities remains in abeyance and the question of Hungarian rearmament and reciprocal (?) force had been agreed upon months prior to the conference. Vedensky apparently did not wish to reach any agreement with Czechoslovakia until the question of the nationalities statute is settled. The visit of Horthy, Imredy, and Kanya to Germany at ~~the~~ very moment of the conference is interpreted here as having been a deliberate move and possibly of Hungary to thwart any constructive results of the conference. Furthermore despite all facilities possible by the Yugoslav Government to permit Hungarian Minister to communicate with his Foreign Minister at Kiel German telephone officials at Kiel professed never to have

770.00/567

CONFIDENTIAL FILE

GML

have heard of him! Even members of the German Legation here privately admit improbability of (or?) inability to locate Kanya.

In effect, however, the meeting had an important result in cementing the Little Entente. Germany's rebuttal undoubtedly was effectively to break up the Little Entente and to prevent rapprochement between Czechoslovakia and Hungary. Italy, while probably likewise desirous of destroying the Entente seems to have worked for solidarity between (?) Yugoslavia and Hungary (?) there was a possibility yesterday afternoon that Rumania and Yugoslavia might sign a bilateral agreement with Hungary with respect to minorities. This would have attained the Italian aim and would have left Czechoslovakia out in the cold. The fact that such an agreement was supplanted by communique showing members of Entente to be of accord is significant (?) Czechoslovak (?) and French Ministers feel that meeting has proved that Stojadinovic (?) loyal to Czechoslovakia.

It is reported here that Germany has again brought up with Hungary the question of permitting German troops to cross Hungarian territory in the event

event of war with Czechoslovakia. (?) news of this vigorous protest (?) irritation over German intrigues to break up the Little Entente has evidently stiffened Stojadinovic's opposition and has resulted in increased solidarity between the three states. Rumanian Minister admits that although Stojadinovic shows outward friendliness towards Germany he will not desert Czechoslovakia. With reference to my telegram 98, 1558 August 23, 9 p.m., French Minister informs me that Krofta advised him of German verbal communications at Messina and (?); but that only the communication made at Bucharest mentioned the possibility of branding France as an aggressor in the event of her coming to the aid of Czechoslovakia in case of war. Brugere considers that all Danubian states have now turned against Germany and that Mussolini who for reasons of prestige must pretend acquiescence with German policy will be the next to loosen his ties with Hitler.

Copies to Paris, Berlin, Rome, Budapest, Praha and Bucharest.

LANE

HPD

EO

TELEGRAM RECEIVED

1—1336

CORRECTED ~~FROM~~

DIVISION OF
EUROPEAN AFFAIRS
AUG 29 1938
DEPARTMENT OF STATE

FS
This telegram must be closely paraphrased before being communicated to anyone. (C)

Belgrade

Dated August 25,1938

Rec'd 6:35 p.m.

Secretary of State,

Washington.

100, August 25, 10 a.m.

STRICTLY CONFIDENTIAL.

Tangibly the meeting of the Little Entente seems to have accomplished little or nothing. The question of Hungarian minorities remains in abeyance and the question of Hungarian rearmament and reciprocal renunciation of force had been agreed upon months prior to the conference. Vedensky apparently did not wish to reach any agreement with Czechoslovakia until the question of the nationalities statue is settled. The visit of Horthy, Imredy, and Kanya to Germany at the very moment of the conference is interpreted here as having been a deliberate move and possibly of Hungary to thwart any constructive results of the conference. Furthermore despite all facilities extended by the Yugoslav Government to permit Hungarian Minister to communicate with his Foreign Minister at Kiel German telephone officials at Kiel professed never to have heard of him! Even

members

FW 770.00/567

FFC

CORRECTED COPY

FS 2-No. 100, August 25, 10 a.m. from Belgrade

members of the German Legation here privately admit improbability of inability to locate Kanya.

In effect, however, the meeting had an important result in cementing the Little Entente. Germany's aim undoubtedly was effectively to break up the Little Entente and to prevent rapprochement between Czechoslovakia and Hungary. Italy, while probably likewise desirous of destroying the Entente seems to have worked for solidarity between Rumania Yugoslavia and Hungary. There was a possibility yesterday afternoon that Rumania and Yugoslavia might sign a bilateral agreement with Hungary with respect to minorities. This would have attained the Italian aim and would have left Czechoslovakia out in the cold. The fact that such an agreement was supplanted by communique showing members' of Entente to be of accord is significant. Czechoslovak, Rumanian and French Ministers feel that meeting has proved that Stojadinovic will remain loyal to Czechoslovakia.

It is reported here that Germany has again brought up with Hungary the question of permitting German troops to cross Hungarian territory in the event of war with Czechoslovakia. The news of this vigorous protest as well as irritation over German intrigues to break up

the

the Little Entente has evidently stiffened Stojadinovic's opposition and has resulted in increased solidarity between the three states. Rumanian Minister admits that although Stojadinovic shows outward friendliness towards Germany he will not desert Czechoslovakia. With reference to my telegram 98, August 23, 9 p.m., French Minister informs me that Krofta advised him of German verbal communications at Bucharest and Bled; but that only the communication made at Bucharest mentioned the possibility of branding France as an aggressor in the event of her coming to the aid of Czechoslovakia in case of war. Brugere considers that all Danubian states have now turned against Germany and that Mussolini who for reasons of prestige must pretend acquiescence with German policy will be the next to loosen his ties with Hitler.

Copies to Paris, Berlin, Rome, Budapest, Praha and Bucharest.

HPD LANE

EF EU

TELEGRAM RECEIVED

MG

1—1336

This telegram must be closely paraphrased before being communicated to anyone. B

FROM

Paris

Dated August 26, 1938

Rec'd 2:30 p.m.

770.00

770.00/568

Secretary of State,

Washington.

DIVISION OF EUROPEAN AFFAIRS
AUG 27 1938
DEPARTMENT OF STATE

1351, August 26, 6 p.m.

In the course of the conversation reported in our 1350, August 26, 4 p.m., Massigli said to us that the agreement reached between Hungary and the Little Entente had made a very favorable impression on the French Government. It is felt that concessions have been made on both sides. The Hungarians have receded from their position that they would not deal with the Little Entente as a bloc. It is evident that the Hungarian Government is alarmed as to the intentions of the German Government and is endeavoring to improve its relations with other countries. The problem of Hungarian minorities will of course have to await developments in Czechoslovakia.

AUG 29 1938

The Foreign Office's information indicates that the Nazi campaign is making progress in Hungary despite Imredy's energetic efforts to curb it. It is thought here that the Regent went "pretty far" in his public statements

GMK

statements in Germany; while it is of course recognized that he is Gaga nevertheless it is recalled that he is the head of the state and that his words must perforce carry weight.

BULLITT

WWC

PEG

JF EU

TELEGRAM RECEIVED

DIVISION OF EUROPEAN AFFAIRS
AUG 29 1938
DEPARTMENT OF STATE

1—1336

REB

FROM

This telegram must be closely paraphrased before being communicated to anyone. (B)

PARIS

Dated August 27, 1938

Rec'd 11:50 p. m.

770.00

Secretary of State,

Washington.

1358, August 27, 2 p. m.

Speaking of the agreement between Hungary and the Little Entente regarding nonaggression and equality of rights in rearmament, the Hungarian Charge d' Affaires informs us in confidence that his Government has in addition reached agreement with Rumania and Yugoslavia regarding the rights of the Hungarian minorities in those countries. He states that this takes the form of a "gentleman's agreement" with each country, drafted in general terms. He adds that his Government has not sought agreement with Czechoslovakia on the minority question at this time for the obvious reason that it hopes to obtain a more favorable arrangement from that country on the basis of whatever settlement may be reached concerning the Sudeten Germans.

BULLITT

KLP-GW

770.00/569

FP

EU

TELEGRAM RECEIVED

DIVISION OF EUROPEAN AFFAIRS
AUG 29 1938
DEPARTMENT OF STATE

1—1236

REB

FROM

GRAY

Berlin

Dated August 27, 1938

Rec'd 10:30 a. m.

770.00

Secretary of State,

Washington.

405, August 27, 1 p. m.

This morning's BERLINER TAGEBLOTT publishes interviews with the visiting Hungarian Ministers of which the following are chief points of interest.

Premier Imredy: The indefiniteness of the Bled communique was due to the fact that no formal agreement had been reached but only the basis and desire for such an agreement. Hungary's renunciation of armed force was only a reaffirmation of its obligation under the Kellogg Pact.

Foreign Minister Kanya: The Bled proposals could only be given effect when agreement had been obtained on the minority declaration to be given by Czechoslovakia. An agreement had already been reached with Rumania and Yugoslavia which would enter into force when Czech attitude was clarified.

Confidential

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FILED
AUG 29 1938

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REB

2-#405, From Berlin, Aug.27,1p.m.

Confidential comment: While these statements by leaving the Czech minority problem open identify Hungary with Germany in seeking a solution of the question there nevertheless exists a view here that Germany desires to assume the leading role in pressing the anti-Czech campaign and would like to restrain Hungary as well as Poland from initiating rash action and from seeking territorial aggrandizement at Czechoslovakia's expense which might serve ultimately to unite these countries with an anti-German bloc.

GILBERT

KLP

GW

EU
NE

TELEGRAM RECEIVED

FS
A portion of this telegram must be closely paraphrased before being communicated to anyone. (A)

FROM

Budapest (part air)

Dated August 29,1938

Rec'd 7:07 a.m. 31st

Secretary of State,

Washington.

770.00

63, August 29, 4 p.m.

(GRAY) Hungarian papers quoted fully from interview given to German newspapers VOLKISCHER BEOBACHTER of August 26 by Hungarian Prime Minister and Foreign Minister regarding Bled agreements. They also gave separate interview to Hungarian papers and Foreign Minister made following statement:

(One) No connection exists between the Saloniki and Bled agreement; (two) recognition of Hungarian military equality has been "irrevocably" recognized; (three) "the nonaggression clause depending upon the conclusion of an agreement regarding the majority declaration and will only take effect if and when minority declaration is separately made by each of the three states"; (four) the text of the agreements with Yugoslavia and Rumania have been prepared in good faith. They do not mention "minorities" but the Yugoslav and Rumanian Governments agree "to make every effort to eliminate such obstacles as have hitherto prevented the normalization of relations with

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FILED
SEP 7 1938

GE

with Hungary"; (five) corresponding agreement with Czechoslovakia not yet reached. "Our claims" went further as regards Czechoslovakia and the Czechoslovak Government has so far considered them unacceptable. "We on our part insist under all circumstances on these claims" (which Legation understands are similar to claims made by Sudeten Germans). (END GRAY)

Legation informed by same source quoted in its telegram 62 that Kanya is very pleased with his "diplomatic success" at Bled for he feels that wedge has been entered for break-up of Little Entente. He had no difficulty explaining his move to Germans who agreed with action taken by him.

Copies to Berlin, Belgrade, Bucharest, Praha.

HPD TRAVERS

DEPARTMENT OF STATE

DIVISION OF EUROPEAN AFFAIRS

September 9, 1938.

Summary of Despatch No. 1197, from Legation at Budapest, dated August 26, 1938.

Subject: Hungary and the Little Entente.

The communiqué issued by the Conference of the Little Entente at Bled was published in all Hungarian papers on August 24, and there was also published an official communique of the Hungarian Government. The day before the publication of the communiqué, Baron Apor, Under Secretary of State for Foreign Affairs, told the Charge d'Affaires that an actual agreement had been reached with Rumania and Yugoslavia which reaffirms the Kellogg Pact, grants Hungary the right to military equality, and promises better treatment to the Hungarian minorities in Rumania and Yugoslavia. Baron Apor added that no agreement could be reached with Czechoslovakia until the Sudeten question has been settled.

The Hungarian newspaper accounts have stressed the temporary nature of the Bled agreement, have placed the blame on Czechoslovakia for the failure to come to a final agreement, and have stressed the necessity

of

of reaching an understanding with regard to the minority question before relations between Hungary and the states of the Little Entente can be really improved.

The Hungarian communiqué which appeared in the press of August 24 states that negotiations which have been in progress during the past year between Hungary on the one hand and Rumania, Yugoslavia, and Czechoslovakia on the other have now lead to a temporary agreement. This pact contains the recognition of Hungary's right to rearm and the renunciation of the use of force between Hungary and the three countries. All other questions, the solution of which should favorably affect the relations between the Danubian states, have also been the subjects of thorough and conciliatory consideration. Declarations defining the attitude of the three above-mentioned states toward these questions have been prepared, but it proved impossible to decide upon a definite form. The communique concluded by expressing the hope that once the existing difficulties have been removed negotiations concerning these questions will terminate satisfactorily and the agreements and declarations referred to will be published in due course.

Eu:Fleck:DG

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN LEGATION
Budapest, August 26, 1938.

No. 1197.

Subject: Hungary and the Little Entente.

770.00/572

DIVISION OF EUROPEAN AFFAIRS
SEP 7 1938
DEPARTMENT OF STATE

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DIVISION OF COMMUNICATIONS AND RECORDS

Rating
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M, I, D.
SEP 13 1938

DEPARTMENT OF STATE
ASSISTANT SECRETARY OF STATE
SEP 1938

The Honorable

The Secretary of State,

Washington.

Sir,

I have the honor to inform the Department that the communiqué issued by the Conference of the Little Entente at Bled was published in all the Hungarian papers of August 24. There was also published an official communiqué of the Hungarian

1/ Government, a translation of which is enclosed herewith.

FILED
SEP 29 1938

GML

herewith.

Due to the absence from Budapest of the Prime Minister, the Foreign Minister, and other officials of the Government, it is difficult to obtain an expression of opinion as to the significance (from the Hungarian point of view) of the understanding reached at Bled. I spoke with Baron Apor, Under Secretary of State for Foreign Affairs, on the day before the publication of the communiqué and he informed me that an actual agreement had been reached with Rumania and Yugoslavia. This agreement reaffirms the Kellogg Pact, grants Hungary the right to military equality, and promises better treatment to the Hungarian minorities in Rumania and Yugoslavia. Apor said that no agreement could be reached with Czechoslovakia until the Sudeten question has been settled.

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The Hungarian newspaper accounts have stressed the temporary nature of the Bled agreement, have placed the blame on Czechoslovakia for the failure to come to a final agreement, and have stressed the necessity of reaching an understanding with regard to the minority question before relations between Hungary and the States of the Little Entente can be really improved. BUDAPESTI HIRLAP (Government paper) states that "the turn which events will take depends upon the measures which each State in question intends to take in order to assure to its Hungarian

minority

minority the rights and the vital conditions guaranteed to them by the Treaties and the Covenant".

PESTER LLOYD, in its editorial of August 24, states:

> "The provisional accords.....constitute a sort of gentlemen's agreement which will only be completed by a subsequent agreement. The indispensable condition of this latter is formed by a declaration which has not yet been published and of which the content and the spirit and, above all, the execution will determine the destiny of the entire understanding. In this connection, we should recall the indispensable condition to the reestablishment of a peaceful atmosphere in this part of Europe which alone could prove to Hungary the real desires for peace of the other partners to the agreement. This indispensable condition is the amelioration of the situation of the Hungarian minorities living in the States of the Little Entente."

The following account, taken from the BUDAPEST DAILY, is in line with the accounts published in most of the Hungarian papers:

> "The Bled Agreement under which Hungary's right to rearm has been recognized by Rumania, Yugoslavia, and Czechoslovakia, a pledge to refrain from the use of violence undertaken, and hopes expressed that an agreement would be reached in the question of the Hungarian population subjected to foreign rule, was received with great interest by Hungarian public opinion.
>
> "The recognition of Hungary's military equality has been expected for a long time past, and has never been regarded as the price of an agreement. It is the question of the Hungarian minorities in Rumania, Yugoslavia and Czechoslovakia which needed, and still needs, a solution by agreement. The satisfactory solution of the nationality question is the prime condition for a normalization of relations between Hungary and her neighbors, and it will be possible to speak of 'an agreement between them' only after this question has been settled."

Respectfully yours,

Howard K. Travers,
Chargé d'Affaires a.i.

Enclosure:
As stated.
In quintuplicate

Enclosure 1 to despatch No. 1197 of August 26, 1938 from the American Legation, Budapest, Hungary.

OFFICIAL COMMUNIQUÉ OF THE HUNGARIAN GOVERNMENT ON THE BLED AGREEMENT, APPEARING IN THE HUNGARIAN PRESS OF AUGUST 24, 1938.

(IN TRANSLATION)

The negotiations which have been in progress since the past year between Hungary, on the one hand, Rumania, Yugoslavia and Czechoslovakia, on the other, due to the common desire to remove elements which might disturb the development of good neighborly relations between Hungary and the above-named three countries - have now led to a temporary agreement.

This pact contains the recognition of Hungary's right to rearm and the renunciation of the use of force between Hungary and the three countries.

During the conversations, all other questions, the solution of which would favorably effect the relations between the Danubian States, have also been the subjects of thorough and conciliatory consideration.

Declarations defining the attitude of the three above-mentioned States towards these questions have been prepared, but it proved impossible to decide upon a definite form.

"It may be hoped that, once the existing difficulties have been removed, negotiations concerning these questions will terminate satisfactorily, and the agreements reached, as well as the declarations referred to, will be published in due course.

LEGATION OF THE
UNITED STATES OF AMERICA

No. 339. Belgrade, August 24, 1938

Subject: Program of Meeting of Permanent Council of the Little Entente at Bled

DIVISION OF EUROPEAN AFFAIRS
SEP 8 1938
DEPARTMENT OF STATE

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DEPARTMENT OF STATE
SEP 8 1938
ASSISTANT SECRETARY OF STATE

The Honorable

The Secretary of State,

Washington, D.C.

Sir:

Referring to my various telegrams relative to the meeting of the Permanent Council of the Little Entente at Bled, I have the honor to state that the Minister for Foreign Affairs of Czechoslovakia, Dr. Kamil Krofta, and the Minister for Foreign Affairs of Rumania, Mr. N. Petrescu-Comnen, accompanied by Madame Petrescu-Comnen, arrived at the station of Lesce-Bled at about 10:30 a.m. on Sunday, August 21st.

The Czechoslovak and Rumanian delegates were met at the station by the Prime Minister, Minister for Foreign Affairs

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Affairs of Yugoslavia, and by Madame Stojadinovic; by the Minister of War, General Marić; and by various officials of the Yugoslav Foreign Office. A guard of honor was drawn up as a mark of respect to the visitors, with a military band playing the various national anthems, and a body of Slovene peasants in national costume to add color to the scene. The various component parts of a special train, with a private car each of the Rumanian and Czechoslovak Governments, together with three private cars furnished by the Yugoslav Government for lesser functionaries, arrived at Ljubljana on Sunday morning from Prague, Bucharest, and Belgrade, respectively.

The activities of the conference Sunday morning were devoted chiefly to ceremonial calls and official social functions: signing various books at the Palace, reception of Mr. Krofta and Mr. Petrescu-Comnen separately by the Prince Regent, a luncheon given by the Prince Regent at his summer residence at Brdo, reception of Mr. Petrescu-Comnen and of Dr. Krofta separately by the Dowager Queen Marie, and an informal dinner offered by Dr. Stojadinović. The program for noon August 22nd consisted of a luncheon on the lake at Bohinj, about fifteen miles from Bled, by the Ban of the Banovina of the Drava and Madame Naklatčen; reception by members of the Permanent Council of the Little Entente for the representatives of the press; a dinner given by the President of the Council and Minister for Foreign Affairs and Madame Stojadinović, to which all Chiefs of Mission at Bled were invited, followed by a reception concert. The remarks made by Dr. Stojadinović

and

1/2 and the reply by Mr. Comnen are enclosed herewith in translation.

The Czechoslovak and Rumanian delegations left Bled for their respective countries on Tuesday, August 23rd. It was planned, however, that Mr. and Mrs. Comnen should visit the Dalmatian Coast before returning to Rumania.

The Fourteenth Conference of the Little Entente Press met at Bled on August 20th, under the presidency of Mr. Ljuba Popović, President of the Yugoslav Committee of the Little Entente of the Press. Mr. Popović's speech is reported to have underlined the humanitarian and pacific aims of the Little Entente of the Press, replies being made by the Rumanian and Czechoslovak delegates, Mr. Alexandre Sandulesco and Mr. Josef Stivin. Telegrams of salutation were sent to King Carol of Rumania, King Peter of Yugoslavia, and President Benes of Czechoslovakia, and to Prince Regent Paul of Yugoslavia.

The following journalists were present: Dr. Kosta Luković, Chief of the Central Press Bureau attached to the President of the Council of Ministers of Yugoslavia; Mr. Dimencescu, Director General of the Rumanian Press Bureau; Mr. Raoul Anastasiu, Chief of the Press Bureau of the Rumanian Ministry of Foreign Affairs; Mr. Šrom, Ministerial Counselor, representing the Czechoslovak Press Bureau; Mr. Gradimir Kozomarić, Director of the Avala Agency; Mr. Solacolo, Director of the Rador Agency; Mr. Brož, representing the Ceteka Agency; Mr. Alexandre Sandulesco, President of the Rumanian Press Delgation to the Little Entente; Mr. J. Stilin, President of

the

the Czechoslovak Delegation; Dr. Koerbel, Press Attaché to the Czechoslovak Legation at Belgrade; and various other press representatives.

I am covering the various developments of the meeting of the Little Entente in a separate despatch.

Yours respectfully,

For the Minister:

Robert P. Joyce
Secretary of Legation

Enclosures:

1. Dr. Milan Stojadinović's Address.
2. Mr. Petrescu-Comnen's Address.

File No. 710.

ABL:~~RPJ~~:HSB

Copy to Prague, Bucharest and Budapest.

Enclosure No. 1 to Despatch No. 339 of August 24, 1938, from the American Legation, Belgrade, Yugoslavia, entitled: "Program of Meeting of Little Entente at Bled".

Translation

Source: Avala Bulletin, August 22, 1938.

ADDRESS DELIVERED BY DR. STOJADINOVIĆ, PRESIDENT OF THE COUNCIL AND MINISTER FOR FOREIGN AFFAIRS OF YUGOSLAVIA, FOLLOWING THE BANQUET GIVEN BY HIM AND MADAME STOJADINOVIĆ IN HONOR OF THE MINISTER FOR FOREIGN AFFAIRS OF RUMANIA AND MADAME PETRESCU-COMNEN, AND THE MINISTER FOR FOREIGN AFFAIRS OF CZECHOSLOVAKIA, MR. K. KROFTA.

Your Excellencies, Ladies and Gentlemen:

It is with the greatest of pleasure that I have the honor to welcome our very distinguished and dear guests to our country, His Excellency Mr. Krofta and His Excellency Mr. Comnen. At the same time, permit me to express our joy that this reunion of the Council of the Little Entente is held in Yugoslavia. We are happy to have been able to offer to this important reunion of friendship the tranquil and smiling frame of Lake Bled, the object of pride and of love of all Yugoslavs.

Three years have past since our last reunion in this spot. If we look backward, we can state that these were three active years of international life and that they did not pass without bringing changes and shocks, but at the same time we can state that, thanks to the patient and continued efforts of our three Governments, we have succeeded in conserving for our peoples a valuable and dearly acquired peace. The maintenance of peace in such circumstances did not consist, as one might think, of a policy lacking in initiative of mind and in decision. On the contrary, the safeguard of peace requires constant efforts, continuous vigilant activity, and much patience, good will, courage, and abnegation, inspired by profound faith in the destiny of our peoples. We live in an epoch when responsible statements of almost all countries find themselves in the presence of grave and urgent problems, on the solution of which depend very often the well-being and peace not only of their countries but also of the entire world. However, if despite all the present difficulties we are permitted to envisage the future with sang-froid and optimism, it is thanks to the permanent efforts full of good will exerted by us, as well as by the responsible governments of other countries, to find a satisfactory solution of these grave problems. I am happy to be able to state that in the presence of these circumstances, our regular meetings, like that of today at Bled, give us the occasion of being able, in cordial contact and with friendly exchange of views, to establish clearly once more the identity of our views, the sincerity of our intentions, and the pacific nature of our aims.

Our

Our present reunion permits us also to emphasize with pleasure the consummation and the importance of the Accord of Saloniki of July 31, signed between Bulgaria and the Balkan Entente, with which the Little Entente is attached by steadfast and multiple ties. Thus once more an example has been given as to the manner in which one can serve the well-being of one's country, as well as that of general peace. Our satisfaction is the greater because this accord was obtained thanks to the same principles and method of collaboration among nations which inspire the States of the Little Entente in their policy toward their neighbors.

Permit me, in recalling the positive facts, to end with a note of hope and optimism and to express the wish that the Little Entente may persevere with confidence and in peace in finding pacific solutions for all the questions which the evolution of the life of their peoples continually bring up, with a view to arriving at the stabilization of political relations in this part of Europe.

I lift up my glass to the health of His Majesty King Carol of Rumania and to the health of the President of the Czechoslovak Republic, His Excellency Mr. Edward Benes. I drink to the health of His Excellency Mr. Kamil Krofta and of His Excellency Mr. Comnen, as well as that of his charming wife, and to the prosperity of our friends and allies, the Czechoslovak and Rumanian peoples.

Enclosure No. 2 to Despatch No. 339 of August 24, 1938, from the American Legation, Belgrade, Yugoslavia, entitled: "Program of Meeting of Little Entente at Bled".

Translation Source: Avala Bulletin, Aug. 22, 1938.

REPLY OF MR. PETRESCU-COMNEN TO THE SPEECH OF DR. MILAN STOJADINOVIĆ.

Your Excellency, Ladies and Gentlemen:

You could not have found, Mr. President, a more appropriate spot to smooth our brows and to predispose us to optimism than the enchanting shores of the Lake of Bled. The flowered reception which you have arranged, the cordial smiles that we have found on all lips, the gestures of friendship which have been extended to us in profusion, have been for certain of us, during these times of serious preocupations, more than proof of sincere friendship. They have been a real comfort. It is when clouds obscure horizons that one appreciates even better a ray of sunshine. And this sunshine, our friend Krofta and myself, we have found it despite the passing mist* of this morning, both in the heavens and in the souls. We thank you very sincerely. Our work has been, as usual, confident, fraternal, and fruitful. The communique which we will give to the press tomorrow will take account of the concrete results of our work in common. It will be one more proof of our perfect union in the work of peace which our institution has proposed to accomplish. When in the month of May last, as President for the time being of the Permanent Council of the Little Entente, I solemnly offered our friendly hand to all our neighbors, I noted in the eyes of certain of our guests the discreet gleam of skepticism, of which we have had some reflections in some foreign daily newspapers, as unjust as they are incorrect. Has our generation so lost its sense of good faith and of generosity?

Three months later, two of the members of the Little Entente, as well as their colleagues of the Balkan Entente, demonstrated that the offer of Sinaia was more than a declamation, that it formed a part of a well-studied and matured political program, and signed the act of historic importance known under the name of the Accord of Saloniki. We thus gave the most evident proof of the sincerity of our work and of the rectitude of our sentiments. We would have been happy to be able to announce this evening to all of our friends that we are being a new contribution to the peace of Europe in accomplishing a new act of supreme confidence and of faith in the given word.

Unfortunately, circumstances have not permitted us to do this this evening. I am sure, however, that the work commenced by my predecessors, continued up to now by your departing President, will be happily continued by our present President, whose talent and perseverance will achieve the work commenced by his predecessors, and that, sooner than we think, he will be able to give us the happy news.

Nothing

*Note: The morning of August 22nd was not only stormy as to climate but was marked in the conference by lack of agreement on the question of the Hungarian minorities. ABL.

Nothing remains for me now except to reiterate my thanks in the name of His Excellency Mr. Krofta, as well as in my own name, to all those to whom we owe unforgettable hours which we have lived these last two days in your so beautiful and hospitable country, and to beg you, Your Excellencies, Ladies and Gentlemen, to join with me in lifting our glasses to the health of His Majesty King Peter II of Yugoslavia, to the health of His Royal Highness Prince Regent Paul, to the Dynasty, to the Members of the Regency, to the friendly and allied Yugoslav people, and to your health, dear Mr. President and friend, as well as to that of Her Excellency Madame Stojadinović, who with a charm and with a grace which are characteristic to her, has made our stay even more agreeable.

DEPARTMENT OF STATE

DIVISION OF EUROPEAN AFFAIRS

PA-D

September 13, 1938.

Summary of despatch no. 340 from Legation at Belgrade dated August 25, 1938.

Subject: The Permanent Council Meeting of the Little Entente

Hungary apparently insisted that the communiqué issued at Bled be vague. She does not wish to reach a definite agreement with the Little Entente over minorities until the international position of Czechoslovakia is more definitely determined; and she does not intend to commit herself in the future to a course of action which might be thwarted should Czechoslovakia's developments prevent consummation.

It appears that Yugoslavia does not intend to desert Czechoslovakia on the minorities question; and in fact Stoyadinović has indicated that he will not desert Czechoslovakia in a time of need. (Mr. Lane says that this is the general opinion in Bled, and he was informed in this vein by the Czechoslovak, Rumanian and French Ministers).

Moreover,

Moreover, Stoyadinović was adamant in refusing to accede to the German request that navigation at the mouth of the Danube be virtually under the control of Germany and Rumania.

Apart from the political discussions of the meeting of the Little Entente, it was understood that economic conditions were stressed, as well as desirability of decreasing economic dependence on Germany. Mr. Lane says that the policy adopted in this connection will be all-important to United States trade relations with Yugoslavia, especially in connection with the negotiations for a modus vivendi. He will send in a further report on this subject.

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LEGATION OF THE
UNITED STATES OF AMERICA

No. 340. Belgrade, August 25, 1938.

Subject: Meeting of Permanent Council of the Little Entente.

CONFIDENTIAL.

DIVISION OF TRADE AGREEMENTS TA SEP 20 1938 DEPARTMENT OF STATE

DIVISION OF EUROPEAN AFFAIRS SEP 8 1938 DEPARTMENT OF STATE

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DEPARTMENT OF STATE A-M/C SEP 23 1938 ASSISTANT SECRETARY OF STATE

ADVISER ON POLITICAL RELATIONS MR. DUNN. SEP 15 1938 DEPARTMENT OF STATE

The Honorable

The Secretary of State,

Washington.

Sir:

With reference to my telegram No. 89 of August 13, 4 p.m., and subsequent messages relating to the meeting of the Permanent Council of the Little Entente at Bled, I have the honor now to give a brief chronological account, based on information which has reached me from my colleagues here, as well as from members of the Yugoslav Government, of the developments of the conference.

The main question which was discussed at the meeting has been that of the Hungarian minorities. It appears

that

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that the Hungarian-Rumanian negotiations which have been continued for some time past at Bucharest had not been progressing well, but that as a result of the conversations held on August 21st among the members of the Little Entente, at which the Hungarian Minister, Baron Georges Bakách Bessenyey, was on occasion present, definite progress was made toward arriving at a formula agreeable to all parties. From the best information obtainable I understand that Hungary insisted that the communiqué to be issued on the termination of the deliberations of the Council was to provide that "legislative, cultural and constitutional" measures were to be taken by Members of the Little Entente to insure the guarantee of appropriate privileges to foreigners within the countries of the Little Entente. The communiqué, I am told, was purposely drawn in vague language, but was intended to mean that Czechoslovakia must make a change in her constitution so as to insure that Hungarians in Czechoslovakia should be given the same treatment as Czechoslovak citizens enjoy in Hungary. It appears that the Czechoslovak Government objected to this condition, and, as a result, the word "constitutional" was omitted from the draft of the communiqué and replaced by the term "legislative". The final draft, I am told, was approved by the meeting of the Permanent Council late on the night of August 21st, when it was handed to the Hungarian Minister for transmission to his Government, Baron Bakách Bessenyey having stated that his instructions

did

did not empower him to accept or reject the draft without the further authorization of his Government. A telegram was thereupon despatched to the Minister for Foreign Affairs of Hungary, Mr. Kanya, then in Berlin. Upon to one p.m. on August 22nd no reply had yet been received, according to what I was told in person by the Counselor to the Hungarian Legation, Mr. Rothkugel. There is some confusion as to whether this draft was at any time approved by Hungary. It is clear, however, that Mr. Kanya's final reply, received at seven p.m. on August 22nd, refused to accept the compromise.

I am informed by one of my colleagues, who spoke directly with the Counselor of the Legation, that the Hungarian Government does not wish to reach a definite agreement with the Little Entente with respect to the question of minorities, being of the opinion that until the international position of Czechoslovakia is more definitely determined, it would be a mistake for Hungary to make any commitments with Czechoslovakia. The Hungarian Government, therefore, while apparently willing to approve the issuance of a communiqué in general, vague terms, does not intend to commit itself in the future to a course of action which might readily be thwarted, should developments in Czechoslovakia prevent consummation. It would appear, on the other hand, that Yugoslavia does not intend to desert Czechoslovakia on a matter such as the question of minorities, which is not all-important in Yugoslavia. It is noteworthy, however, that agreement as to Hungarian minorities was reached not only with Yugoslavia, but with Rumania as well.

Copies

Copies of the texts of the Rumanian-Hungarian and Yugoslav-Hungarian agreements will be forwarded to the Department as soon as obtained.

As reported in my strictly confidential telegram No. 100 of August 25, 10 a.m., the general opinion is that while there may have been no tangible result to the present meeting (the questions of Hungarian rearmament and non-aggression having been settled months previously), in effect the reunion evidenced a distinct increase in the solidarity of the Little Entente, especially on the part of Dr. Stojadinović, who seems to have indicated clearly and emphatically that he will not desert Czechoslovakia in her time of need. The Czechoslovak Minister (Mr. Jaroslav Lipa), the retiring Rumanian Minister (Mr. Victor Cadere), and the French Minister (Mr. Raymond Brugère, who states that both Mr. Comnen and Mr. Krofta informed him to that effect) are my sources for the foregoing.

The impression which I obtained from my talk with Dr. Stojadinović on August 15th, as reported in my telegram No. 91 of August 17, 10 a.m., to the effect that he is irritated by German representations as to the European Danubian Commission, is borne out by various colleagues who quote Dr. Stojadinović in his conversations with them as being adamant in refusing to accede to the German request that the navigation of the mouth of the Danube be virtually under control of Germany and Rumania. On this point it seems evident that Dr. Stojadinović definitely decided to adopt a strong position regardless of the attitude of the

members

members of the Little Entente. The Rumanian Minister informs me that his Government is opposed to bilateral negotiation by Germany with each Danubian State and will insist that matters dealing with the administration of the Danube be governed by an international commission.

As reported in my telegram No. 95-A of August 22, 8 p.m., Dr. Stojadinović, who will represent the Little Entente at the forthcoming meeting of the Assembly of the League of Nations in September, will presumably follow the lead of Great Britain with respect to the proposed amendment of Article 16 of the Covenant. It is not believed that there was any wide discussion on this point, the members of the Little Entente feeling that any radical attitude on their part would be fruitless.

Apart from the political questions discussed at the meeting of the Little Entente, it is believed that the economic relations between the three States were stressed, as well as the desirability of decreasing their economic dependence on Germany. Dr. Milivoje Pilja, Assistant Minister for Foreign Affairs in charge of economic matters, was suddenly summoned to Bled for the last day of the conference, evidently for the consideration of these questions. It is obvious that the policy which is adopted by the Yugoslav Government in that connection will be all-important to United States trade relations with Yugoslavia, especially in connection with the negotiations, which are expected to commence next month, dealing with a modus vivendi to normalize the commerce between the two countries. A separate despatch will be written on this subject as soon as I have had a

further

further opportunity to talk with Dr. Pilja.

1-2/. Translations of the communiqués summarized in my telegrams Nos. 98 and 99 of August 23rd are enclosed herewith.

Respectfully yours,

For the Minister:

Robert P. Joyce,
Third Secretary of Legation.

Enclosures:
1-2. As stated.

File No. 710

ABL/hln

Copies to Bucharest,
Prague, and Budapest.

Enclosure No. 1 to despatch No. 340, dated August 25, 1938, from the Legation at Belgrade, entitled "Meeting of Permanent Council of the Little Entente."

TRANSLATION FROM FRENCH:

Communiqué of Session of Permanent Council of the Little Entente.

Bled, August 22, 1938.

The Permanent Council of the Little Entente met in ordinary session at Bled on August 21 and 22, 1938, under the presidence of Dr. Milan Stojadinović, President of the Council of Ministers and Minister for Foreign Affairs of Yugoslavia, who from the date of this meeting and for the annual period following will assume the position of President of the Permanent Council. Czechoslovakia was represented by Dr. Kamil Krofta, Minister for Foreign Affairs, and Rumania by Mr. Nicholas Comnen, Minister for Foreign Affairs.

I.

The three Ministers proceeded to make a detailed examination of the general situation and of all the questions of foreign policy especially interesting to these States of the Little Entente. In the course of this examination they agreed with satisfaction as to the existence of certain comforting symptoms and expressed the hope that these favorable elements will be developed and reenforced by a patient and continued effort on the part of the interested countries. At the same time, the three Ministers emphasized the deep attachment of the States of the Little Entente to a policy of peace and understanding, and manifested their strong desire to remain faithful to this policy.

The Permanent Council, a confirmed partisan of pacific methods, congratulates the Balkan Entente and Bulgaria on the happy conclusion of the Accord of Saloniki, by which means these States have not only confirmed a new era of peace, consolidation and prosperity in the Balkans, but have likewise brought a most precious contribution to the common task of general peace.

II.

The Permanent Council has noted with satisfaction that the negotiations which have been going on for a year with Hungary have resulted in agreements which bring about a reciprocal renunciation to any use of force between Hungary and the States of the Little Entente and recognition on the part of the three States of the equality of Hungary's rights with respect to armaments.

Certain

Certain other questions under discussion with a view to preparing the ground to permit the development of relations of the good neighbor between Hungary and the three States of the Little Entente not having been yet settled, the publication of such agreements has not yet taken place. However, the three States of the Little Entente have reached agreement that there will be published simultaneously at Bled by the Permanent Council of the Little Entente and at Budapest by the Hungarian Government an identic communiqué which will give the present state of the negotiations under discussion.

In congratulating itself on the important results already obtained, the Permanent Council expresses the hope that, thanks to the spirit of mutual comprehension which envisages not only the interests of the interested countries but also those of the entire Danubian region, the complete agreement will not be delayed in being realized.

III.

The Permanent Council is fully aware that in the present situation the League of Nations cannot complete entirely the task entrusted to it by the authors of the Pact. However, the three States of the Little Entente are unanimous in their desire to collaborate with the Geneva organization and to lend to it their cooperation in the limit of existing possibilities.

The mandate of Rumania as member of the Council of the League of Nations expiring in the month of next September, the task of representing the Little Entente within the body of the Council will fall, according to the rule established, on Yugoslavia.

With regard to the different questions appearing on the agenda of the next assembly, the three Ministers have decided that the delegations of their States should continue as in the past to maintain among them a permanent and close contact, with a view to agreeing at any moment in arriving at a common attitude.

IV.

The Permament Council states with satisfaction that the discussion which took place at the last session of the League of Nations, held at Geneva from May 9 to May 14, 1938, on the question brought up by the British Government on the consequences arising out of the existing situation in Ethiopia, has developed in such a way as to admit the solution, under a general plan, of a problem which has been one of the causes of existing uncertainty in Europe. Such solution cannot help but contribute greatly to the work of concord and calm which represents one of the most pressing

necessities

necessities of which the States of the Little Entente have always been the most devoted champions.

The Permanent Council associates itself with the statements which the representative of Rumania has made in the course of the said discussion, emphasizing that in the discussion the policy followed by the States of the Little Entente has found its full confirmation.

V.

The Permanent Council has examined, on general lines, the question of the Danube. It has decided that the technical experts of the three Governments should meet shortly at Belgrade to examine this question in all its details, inspired with a desire expressed by the Permanent Council to reach an agreement as to the solutions which may permit to continue the collaboration with all the interested States.

VI.

The Permanent Council emphasizes once more the importance of the work of the Economic Council looking to the still more intense development of the commercial relations of the States of the Little Entente.

The three Governments are fully aware of the necessity of increasing in the greatest degree the commercial exchanges between the three States. They will not fail to give their support to any measure proposed to this effect.

VII.

The next session of the Permanent Council of the Little Entente will be held in the month of September at Geneva on the occasion of the Nineteenth Meeting of the Assembly of the League of Nations.

Translation: ABL/hln

Enclosure No. 2 to despatch No. 340, dated August 25, 1938, from the Legation at Belgrade, entitled "Meeting of Permanent Council of the Little Entente."

TRANSLATION FROM FRENCH:

Communiqué Issued Simultaneously at Bled by the Permanent Council of the Little Entente and at Budapest by the Hungarian Government.

Negotiations in the course of the past year between the Hungarian Government, on the one side, and Rumania, Yugoslavia, and Czechoslovakia on the other side, inspired by the common desire of preparing the ground of natural elements to bring about the development of relations of the good neighbor between Hungary and these three States, have resulted in arriving at some preliminary agreements. These agreements have comprised the recognition on the part of the three States of equality of Hungary's rights with respect to armaments, and reciprocal renunciation of any recourse to force between Hungary and the States in question.

During the discussions which preceded the consummation of these agreements, all the other questions the solution of which might influence in a favorable manner the relations between the Danubian States were likewise made the object of a thorough and friendly examination. Statements defining the attitude of the above mentioned States concerning these questions have been envisaged, but it has not been possible to complete them in their definite form.

It is to be hoped that, once these difficulties are overcome, the negotiations with regard to these questions will be satisfactorily concluded and that the agreements arrived at and the statements in regard thereto will be simultaneously published.

Translation: ABL/hln

DEPARTMENT OF STATE

DIVISION OF EUROPEAN AFFAIRS

September 13, 1938.

Summary of despatch no. 1096 from Embassy at London dated August 31, 1938.

Subject: The Bled Agreement.

An official of the British Foreign Office declared that the Bled agreements were made possible by the Anschluss, the Saloniki Agreement, and the recent minority statute promulgated in Rumania. He said that Great Britain heartily welcomed the Bled agreements, which like the Saloniki Agreement, was arrived at by multilateral negotiation and was a revision of the Peace Treaties as contemplated in article 19 of the Covenant. Italy, he said, seemed "very pleased" over the agreements in Bled, but the official does not find Italy's position very clear. He thought that she might be playing a "deep game" with a view to forming a bloc consisting of Yugoslavia, Hungary, Czechoslovakia and Poland to stop Germany's Drang nach Osten.

Although he declared Germany was officially pleased, he does not believe that she really likes the Bled Agreement. He

characterized

characterized Hungary's conclusion of the Agreement as showing unexpected strength.

As regards loans to the Balkans, the official said that England does not wish to conduct an encircling policy against Germany for obvious reasons. Should England have to pass an Act of Parliament in the case of each Balkan country (as in the Turkish loan) German feeling would be further stirred up.

770.00/575

Cor

Eu:Coe:AMR.

EMBASSY OF THE
UNITED STATES OF AMERICA

LONDON, August 31, 1938.

No. 1096

SUBJECT: The Bled Agreement between Hungary and the Little Entente.

DIVISION OF EUROPEAN AFFAIRS
SEP 8 1938
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DEPARTMENT OF STATE
SEP 29 1938
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The Honorable

The Secretary of State,

Washington, D.C.

9/30/38

Sir:

With reference to the Embassy's despatch No. 951 of August 6, 1938, regarding the Salonika Agreement, I have the honor to enclose herewith a memorandum of a conversation between the Assistant Chief of the Southern Department and a member of the Embassy staff concerning the Bled agreements between Hungary and the Little Entente, announced on August 23, and loans to the Balkans.

1/

DEPARTMENT OF STATE
ASSISTANT SECRETARY

Respectfully yours,

For the Ambassador:

Herschel V. Johnson
Counselor of Embassy.

Enclosure:
1. Memorandum, as stated.

HM/JC

DEPARTMENT OF STATE
SEP 29 1938
A-M/C
ASSISTANT SECRETARY OF STATE

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OCT 3 1938

Enclosure No. 1 to despatch No. 1096 of AUG 31 1938
from the Embassy at London, England.

CONFIDENTIAL

M E M O R A N D U M

I called on Nichols of the Southern Department at the Foreign Office this morning to talk about the recent agreements arrived at at Bled between Hungary and the Little Entente.

Nichols said that like the Salonika Agreement, the foundations of the Bled agreements were laid at Stresa. The principal difficulty has, of course, been the question of minorities, the main problem being between Hungary and Rumania, the latter having almost a million and a half Hungarians. Conversations between Hungary and Rumania last autumn were brought to a stop by the Goga Government which being extremely nationalistic would consider no concessions.

Nichols thought the principal influences which made the Bled agreements possible were, first of course, the Anschluss, second, the successful conclusion of the similar Salonika Agreement and third, the recent promulgation of a minority statute in Rumania. He said this minority statute had not been published in Rumania and we still had to see whether it would really be put into force. In any event, it seemed (he admitted he had not read the statute) to have gone a considerable way towards satisfying, on paper at least, some of the Hungarian demands.

Wrong! Published in Monitorul Oficial No 178 of Aug. 4. 38.

Referring

Referring to the communiqué issued at Bled, Nichols said it should be noted that reference was made to the fact that certain "preliminary agreements" had been reached, but he had not seen the actual agreements and could only assume they were merely along the lines set forth in the communiqué.

The parties to the Bled agreements had not sent official notifications to the signatories of the Treaty of Trianon. However, this was not of much practical importance and was more of a protocolaire step which he assumed would be regularized in due course. Though the signatories of the Lausanne Convention on the frontiers of Thrace were notified of the conclusion of the Salonika Agreement the demilitarized zones were occupied immediately without awaiting their approval.

Great Britain, needless to say, heartily welcomed the Bled agreements which, like the Salonika Agreement, was arrived at by multilateral negotiation and was a revision of the Peace Treaties as contemplated in article 19 of the Covenant. (The British press, of course, also welcomed the announcement of these agreements which were described as a further example of "constructive appeasement.")

Asked what Italy thought of the Bled agreements, Nichols said that they seemed "very pleased." He said their position was not quite clear to him. Italy was on the fence. But he also thought Italy might be playing a "deep game" possibly having in mind a bloc comprising Yugoslavia, Hungary, Czechoslovakia and Poland to stop Germany's Drang nach Osten.

As

As regards Germany he said that they were officially pleased and could not be otherwise but "deep down in the hearts of Wilhelmstrasse" he believed they did not like it. Hungary, he thought, had shown unexpected "guts" in reaching these agreements* on the eve of and during the visit of the Hungarians to Germany. (In passing Nichols mentioned that when Stoyadinovitch had to telephone to Kanya in Hamburg regarding the agreements, the Germans told him that they could not find Kanya and Stoyadinovitch said he would hold the telephone until they did.)

As regards the loans to the Balkans, Nichols said that the British Government was looking into the question of how they could increase British trade with the Balkan States, but implied that nothing much had been accomplished along these lines. There was no question of England conducting an "encircling" policy against Germany, which he implied was neither possible nor politic. (See Embassy's telegram No. 582, July 1, 6 p.m.). He pointed out that under the Export Credits Guarantees Act no loans could be made for the purchase of arms and he recalled that in the case of the recent £16,000,000 loan to Turkey it was necessary to pass an Act of Parliament. Should England have to pass an Act of Parliament in the case of each Balkan country to whom loans might be made Nichols thought this would certainly stir up the Germans further and give them

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* It will be recalled that as recently as August 5, Nichols described the Hungarian situation as "in the doldrums". See enclosure to the Embassy's despatch No. 951 of August 6, 1938, regarding the Salonika Agreement.

them reason to believe that Great Britain was trying to "encircle" Germany and he added, almost as an afterthought, "then there are other complications, for example, the Ottawa Agreements."

H. M.

AUGUST 29, 1938.

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